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Transcript Exhibit(s)

Arizona Corporation Commission

DOCKETED

Docket #(s): S-20906A-14-0063

JAN 13 2017

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Exhibit #: C29-C32; ER2; ER4-ER15; ALJ1; ALJ2

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Part 12 of 12

# CONCORDIA FINANCING CO., LTD.

## Cost Saving Initiatives

November 23, 2016

In addition to headcount reductions, Concordia implemented various cost saving initiatives commencing in 2008. The following is a summary of certain key actions taken by Concordia during the financial downturn and debt restructurings:

### A. HR / EMPLOYEE RATIONALIZATION:

#### Recruiting/Temp Costs:

2008 Temp Conversion One Time Savings:	\$12,000
2008 Temp Rate Annual Savings:	\$11,520

#### Employee Replacements 2008:

Controller and Staff Accountant	\$166,700
Replacement Cost	<u>\$133,900</u>
Total Accounting Annual Savings:	\$33,800

#### Hourly Conversion to Salaried:

Eliminated overtime of five managers/supervisors by conversion from hourly to salaried employees.

2008 Annual Savings:	\$27,000
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#### Human Resource Consultants:

Brought in-house certain HR tasks that were outsourced.

2008 Annual Savings:	\$15,600
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### B. VENDORS:

#### Legal/Replevin/Judgments

Renegotiated fees charged by a California and out of state law firms on replevin and judgments. Negotiated a refund (credit) of legal fees from the California law firm in the amount of \$20,300. In addition resulted in annual cost savings.

#### Legal/Bankruptcy Actions:

Renegotiated fees charged by firms. Substantial number of bankruptcy cases were processed and monitored in-house.

#### Repo Agents:

Concordia replaced substantially all of the agent and consolidated into larger national service providers and renegotiated set fees.

2008 Annual Savings:	\$36,000+
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**Equipment Service/Supplies:**

Eliminated one copier/printer (lease) and renegotiated Crystal Clear's equipment service/supply fees resulting in a refund of \$18,100 (September 2010) and an annual savings going forward of \$9,000.

**Information Technology:**

In early 2011 terminated in-house IT manager and outsourced to service provider for Annual Savings: \$25,000.

**GPS Equipment and Monitoring:**

Changed GPS service and hardware provider, which improved tracking and reduced ongoing costs of monitoring.

2008 Annual Cost Savings: \$5,000

**C. INVENTORY MANAGEMENT:**

In 2008, renegotiated auction house commissions rates based on increased volume.

Auction Commission Annual Cost Savings approximately: \$45,000

**D. ENFORCED INSURANCE:**

Enforced insurance was not managed properly and incurred costly insurance premiums.

Renegotiated the insurance agreement, which resulted in a refund (credit) from SWBC of approximately: \$57,000 and Annual Cost Savings: \$50,000

**E. BANK FEES:**

In 2008, renegotiated PFF Bank Fees which resulted in a refund of: \$4,975 and an annual cost savings of: \$24,000

**F. CUSTODIAL FEES:**

Concordia and ERF/Wanzek agreed to permanently waive all fees for custodial services commencing November 2008. This resulted in an immediate cost savings of approximately \$60,000 per month or \$720,000 annually.

ERF continued to perform custodial services at no charge from November 2008 through to November 2010 (at which time they transferred such duties to Concordia).

#### **G. OFFICE SPACE:**

During the first half of 2009, Concordia attempted unsuccessfully to renegotiate its office lease with their landlord (GRE). Concordia subsequently halted lease payments and relocated to Sixth and Pittsburgh. In February 2011, GRE commenced legal action and a settlement was reached in May 2012.

Annual Lease Savings:	\$205,000
GRE Settlement:	\$100,000.
Net Savings First Year:	\$105,000.

Following further downsizing, in February 2014 Concordia relocated its offices from Sixth and Pittsburgh to Inland Empire.

Annual Lease Savings:	\$60,000
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BrokerCheck Report  
**KIM PATRICK KIRKMAN**  
CRD# 1199137

<u>Section Title</u>	<u>Page(s)</u>
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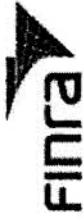
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## About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**
  - BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
  - Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.
- **Where did this information come from?**
  - The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD®, and is a combination of:
    - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
    - information that regulators report regarding disciplinary actions or allegations against firms or brokers.
  - **How current is this information?**
    - Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.
  - **What if I want to check the background of an investment adviser firm or investment adviser representative?**
    - To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <http://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.
  - **Are there other resources I can use to check the background of investment professionals?**
    - FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at [brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit [www.finra.org](http://www.finra.org).

**KIM P. KIRKMAN****CRD# 1199137**

This broker is not currently registered.

**Report Summary for this Broker**

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

**Broker Qualifications**

This broker is not currently registered.

This broker has passed:

- 2 Principal/Supervisory Exams
- 1 General Industry/Product Exam
- 2 State Securities Law Exams

**Registration History**

This broker was previously registered with the following securities firm(s):

**SUNSET FINANCIAL SERVICES, INC.**

CRD# 3538

KANSAS CITY, MO

03/2000 - 11/2012

**MARK TWAIN BROKERAGE SERVICES, INC.**

CRD# 16925

10/1993 - 02/1994

**KIRKPATRICK, PETTIS, SMITH, POLIAN INC.**

CRD# 490

10/1991 - 10/1993

**Disclosure Events**

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

Are there events disclosed about this broker? **Yes**

The following types of disclosures have been reported:

Type	Count
Termination	1
Judgment/Lien	1

**Investment Adviser Representative Information**

The information below represents the individual's record as a broker. For details on this individual's record as an investment adviser representative, visit the SEC's Investment Adviser Public Disclosure website at

<http://www.adviserinfo.sec.gov>

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## Broker Qualifications



### Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.

## Broker Qualifications



### Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

This individual has passed 2 principal/supervisory exams, 1 general industry/product exam, and 2 state securities law exams.

### Principal/Supervisory Exams

Exam	Category	Date
Registered Options Principal Examination	Series 4	10/04/2001
General Securities Principal Examination	Series 24	04/04/2000

### General Industry/Product Exams

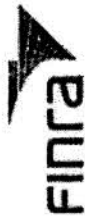
Exam	Category	Date
General Securities Representative Examination	Series 7	03/22/2000

### State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	11/21/1983
Uniform Combined State Law Examination	Series 66	03/27/2000

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at [www.finra.org/brokerqualifications/registeredrep/](http://www.finra.org/brokerqualifications/registeredrep/).

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## Registration and Employment History

### Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
03/2000 - 11/2012	SUNSET FINANCIAL SERVICES, INC.	3538	KANSAS CITY, MO
10/1993 - 02/1994	MARK TWAIN BROKERAGE SERVICES, INC.	16925	
10/1991 - 10/1993	KIRKPATRICK, PETTIS, SMITH, POLIAN INC.	490	
07/1990 - 08/1991	INVESTCENTRAL	8073	
10/1987 - 06/1989	INVESTCENTRAL	8073	
11/1983 - 09/1987	ALLIED GROUP SECURITIES CORPORATION	3638	

### Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment Dates	Employer Name	Employer Location
02/2000 - Present	SUNSET FINANCIAL SERVICES	KANSAS CITY, MO
01/2000 - Present	KANSAS CITY LIFE INSURANCE	KANSAS CITY, MO

### Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

No information reported.

C002077



## Disclosure Events



### What you should know about reported disclosure events:

1. All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
  - o A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
  - o A customer dispute must involve allegations that a broker engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.
3. **Disclosure events in BrokerCheck reports come from different sources:**
  - o As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, brokerage firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
  - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - A "pending" event involves allegations that have not been proven or formally adjudicated.
    - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - A "final" event has been concluded and its resolution is not subject to change.
  - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that brokers and brokerage firms may choose to settle customer disputes or regulatory matters for business or other reasons.
    - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.

For your convenience, below is a matrix of the number and status of disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.

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Termination	Pending	Final	On Appeal
	N/A	1	N/A



Judgment/Lien

1

N/A

N/A



## Disclosure Event Details

When evaluating this information, please keep in mind that a disclosure event may be pending or involve allegations that are contested and have not been resolved or proven. The matter may, in the end, be withdrawn, dismissed, resolved in favor of the broker, or concluded through a negotiated settlement for certain business reasons (e.g., to maintain customer relationships or to limit the litigation costs associated with disputing the allegations) with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

### Employment Separation After Allegations

This type of disclosure event involves a situation where the broker voluntarily resigned, was discharged, or was permitted to resign after being accused of (1) violating investment-related statutes, regulations, rules or industry standards of conduct; (2) fraud or the wrongful taking of property; or (3) failure to supervise in connection with investment-related statutes, regulations, rules, or industry standards of conduct.

#### Disclosure 1 of 1

Reporting Source:	Firm
Employer Name:	SUNSET FINANCIAL SERVICES, INC.
Termination Type:	Discharged
Termination Date:	10/12/2012
Allegations:	IT HAS BEEN ALLEGED THAT MR. KIRKMAN, ACTING IN A PRINCIPAL CAPACITY, FAILED TO COMPLY WITH NASD RULES 2310 AND 2110, AND FINRA RULE 2010.
Product Type:	Direct Investment-DPP & LP Interests

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**Judgment/Lien**

This type of disclosure event involves an unsatisfied and outstanding judgments or liens against the broker.

**Disclosure 1 of 1****Reporting Source:**

Broker

**Judgment/Lien Holder:**

DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE

**Judgment/Lien Amount:**

\$49,018.22

**Judgment/Lien Type:**

Tax

**Date Filed:**

01/05/2012

**Type of Court:**

IRS

**Name of Court:**

IRS

**Location of Court:**

FRESNO, CALIFORNIA

**Judgment/Lien Outstanding?**

Yes

**Broker Statement**

DEDUCTIONS ARE DISPUTED. NOTICE OF LEVY ON WAGES, SALARY, AND OTHER INCOME WAS FILED ON 01/05/2012. A COURT WAS NOT INVOLVED.

C002081

## End of Report



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**FINANCIAL INDUSTRY REGULATORY AUTHORITY  
LETTER OF ACCEPTANCE, WAIVER AND CONSENT  
NO. 2011026915701**

**TO:** Department of Enforcement  
Financial Industry Regulatory Authority ("FINRA")

**RE:** Sunset Financial Services, Inc., Respondent  
CRD # 3538

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Respondent, Sunset Financial Services, Inc., ("Sunset" or the "Firm") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against the Firm alleging violations based on the same factual findings described herein.

**I.**

**ACCEPTANCE AND CONSENT**

- A. The Firm hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

**BACKGROUND**

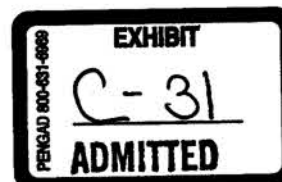
Sunset, with principal offices in Kansas City, Missouri, has been a FINRA regulated broker-dealer since December 10, 1968. Sunset is wholly-owned by Kansas City Life Insurance Company, Inc., an insurance company headquartered in Kansas City, Missouri. The Firm's primary business is selling mutual funds and variable annuities. The Firm has approximately 302 branch offices, 504 registered individuals and 197 non-registered individuals.

**RELEVANT DISCIPLINARY HISTORY**

The Firm has no relevant disciplinary history.

**OVERVIEW**

During the period from January 2008 through March 2011 (the "Relevant Period") Sunset failed to establish and maintain a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations and NASD and



C002036

FINRA Rules, in connection with private placements offered for sale pursuant to Regulation D of the Securities Act of 1933 ("Securities Act"). More specifically, in violation of NASD Rules 3010(a) and 2110 and FINRA Rule 2010, the Firm lacked adequate supervisory policies and procedures to review and monitor private placements regarding due diligence, suitability, sales material provided to customers, and internal use materials provided to registered representatives.

### **FACTS AND VIOLATIVE CONDUCT**

The Firm began selling private placements in 2001, as an unaffiliated broker-dealer. At all times, the Firm's vice president in charge of products and sales (the "Vice President") was responsible for conducting due diligence on private placements, and determining which to approve for sale by the Firm's registered representatives. The Vice President reported directly to Sunset's President. Private placements approved for sale were placed on an approved list that registered representatives could view on the Firm's internal website.

In 2004, the Vice President approved the sale of an investment fund, sold as a private placement, pursuant to Regulation D of the Securities Act ("Fund I"). The business of Fund I was acting as a bridge loan lender of short-term mortgages, secured by real property primarily in Arizona and California. The CEO of Fund I was the son of a Sunset registered representative and Firm supervisor.

The sponsor of Fund I ("Sponsor") paid the Firm a gross dealer concession of two percent on sales of Fund I, along with trail concessions. A total of 314 Sunset customer accounts invested approximately \$57 million in Fund I during the period 2004 through September 2008. The Firm received approximately \$1,140,000 from these sales, excluding additional trail concessions.

One of the risks involved with investing in Fund I was identified in its private placement memorandum ("PPM") that stated: "[w]e are in the business of investing in mortgage loans and, as such, we risk defaults by borrowers." The PPM further stated that "[a]ny failure of a borrower to repay loans or interest on loans will reduce our revenues and your distributions, the value of your units and your interest in the Fund as a whole."

In July 2008, a third-party due diligence report was published on Fund I, and it was provided to the Firm and the Vice President (the "July 2008 Due Diligence Report"). This report alerted the Firm and the Vice President to an increased default rate for the loan portfolio of Fund I, of approximately 20 percent. The Firm failed to adequately follow up on this red flag, and did not re-evaluate the appropriateness of retaining Fund I on its approved private placement list.

In late September 2008, Fund I suspended fund redemptions due to financial difficulties, and also stopped accepting new investors. By May 2009, Fund I suspended monthly distribution payments to investors. The Firm failed to

adequately follow up on this red flag, and did not re-evaluate the appropriateness of retaining Fund I on its approved private placement list.

In early 2009, the Sponsor launched a second investment fund ("Fund II"). Fund II was also sold only to accredited investors as a Regulation D private placement. According to the PPM for Fund II: "[Fund II's] primary focus will be the acquisition of discounted debt from distressed banks and other leveraged financial institutions, and it will target investments available for purchase at substantial discounts to par value." The fund manager for Fund II was the same as the fund manager for Fund I. In connection with sales of Fund II, the Sponsor paid the Firm a gross dealer concession, as well as a separate "non-accountable advertising and due diligence fee" of 50 basis points. During the period May 2009 through December 2009, the Firm sold \$750,709 of Fund II to 18 investors, and received approximately \$45,042 for these sales.

In early 2009, the Firm was aware that a third-party due diligence provider was in the process of researching and drafting a due diligence report on Fund II. The Firm, however, placed Fund II on the Firm's approved list, without waiting for the due diligence report to be completed.

Although the Firm was aware of Fund I's previous financial difficulties, and the common management of both funds, the Firm did not conduct any enhanced due diligence on Fund II, despite the presence of red flags indicating the need for greater scrutiny prior to selling Fund II to Firm customers. Because Fund I and Fund II had the same executive management, these red flags included the July 2008 Due Diligence Report, the suspension on Fund I redemptions, and the suspension of Fund I monthly distribution payments.

### **Supervisory Failures**

#### **Inadequate Supervision of Due Diligence on Private Placements**

During the Relevant Period, the Firm lacked a supervisory system reasonably designed to monitor its due diligence on approved private placements, both at the time the product was approved, and in response to subsequent negative information and other red flags, regarding private placements.

The Firm delegated nearly all responsibilities relating to private placements to the Vice President. The Vice President was responsible for conducting due diligence, entering into selling agreements with issuers, reviewing third-party due diligence reports, formulating recommendations of private placements, and monitoring for suitability. The Firm however had no procedures to follow-up on whether the Vice President was properly performing his responsibilities.

In addition, the Firm did not have written supervisory procedures for private placements until the adoption of "Alternative Investment Procedures" in May 2009 ("Procedures"). The Procedures, however, primarily consisted of a checklist of



factors to be considered in assessing the product and its sponsor, such as: background on key personnel, sponsor experience, past bankruptcies, lawsuits, credit history, financials, and references. The Procedures did not tailor the checklist to any specific category of alternative product, such as private placements. Moreover, the Procedures did not address the Firm's obligation to conduct continuing due diligence for products previously approved. For instance, it did not specify what factors might mandate a re-evaluation of the Firm's approval of the product for sale to customers.

#### Inadequate Supervision of Suitability

Some registered representatives periodically contacted the Vice President seeking product recommendations for their customers. During these conversations, the Vice President made trade recommendations for specific customers, based upon information regarding the customers' financial background, investment objectives, and other investments. He recommended, among other things, purchases of private placements from the Firm's approved list, including Fund I.

During the Relevant Period, the Firm required completion of a new account application each time a customer entered a buy transaction. New account applications created in connection with the purchase of a private placement were transmitted to the Vice President for review and approval.

The Vice President was also responsible for reviewing the suitability of private placement sales. The Vice President's system of monitoring suitability was based on his approval of new account applications for those customers purchasing a private placement, together with conversations he had with registered representatives regarding what products to recommend to their customers.

This system of supervising suitability was deficient in that there were no checks or balances on the Vice President's authority. The Vice President was simultaneously recommending private placements to customers through his discussions with registered representatives, while at the same time reviewing the suitability of those recommendations.

#### Inadequate Supervision of Sales Materials

The Firm's Written Supervisory Procedures contained a general provision requiring pre-use approval of sales materials provided to customers. The Firm did not create sales material for any private placements, but permitted its registered representatives to give sponsor-created sales materials to their customers, if approved in advance by the Firm.

The Firm relied on its registered representatives to forward any sales material regarding private placements they intended to provide to customers to the Firm's compliance department for prior review. This supervisory system was deficient as the Firm had no procedure to review or track the private placement materials that issuers provided directly to its registered representatives. Without reviewing this

information, the Firm was unable to monitor the dissemination of inaccurate or misleading materials to its registered representatives, that might result in the communication of misinformation to customers. Moreover, some registered representatives incorrectly assumed that private placement sales materials sent directly from the issuer to them had already been approved, and therefore provided unapproved materials to customers.

#### Inadequate Supervision of Internal Use Materials

During the Relevant Period, private placement sponsors provided materials to Firm registered representatives regarding their products during seminars and visits to branch offices. Some of these materials were internal use materials, not intended for distribution to customers. Firm supervision of these materials was deficient, insofar as the Firm lacked any policy or procedures for their review.

#### VIOLATIONS

NASD Conduct Rule 3010(a) requires member firms to establish, maintain and enforce a supervisory system reasonably designed to achieve compliance with applicable securities laws and regulations and NASD Rules and FINRA Rules. Sunset violated NASD Rules 3010 and 2110 and FINRA Rule 2010, by failing to establish and maintain policies and procedures reasonably designed to ensure adequate due diligence was performed for private placements at inception, and on a continuing basis whenever negative information or other red flags occurred. In addition, the Firm lacked an adequate system for the review of suitability, sales materials and internal use materials relating to private placements.

B. The Firm consents to the imposition of the following sanctions:

1. A censure;
2. \$200,000 fine;
3. Disgorgement of certain gross dealer concessions and due diligence fees in the amount of \$84,253.03, plus interest as partial restitution to customers.

C. RESTITUTION

Disgorgement of ill-gotten gains as partial restitution is ordered to be paid to the customers listed on Attachment A hereto, in the amount of \$80,499.48<sup>1</sup>, plus interest at the rate set forth in Section 6621(a)(2) of the Internal Revenue Code, 26 U.S.C. 6621(a)(2), from the dates identified on Attachment A or any amendments to Attachment A, until the date this AWC is accepted by the NAC.

<sup>1</sup> This figure excludes the due diligence fee paid by the issuer of Fund II to the Firm in the amount of \$3,753.55.

A registered principal on behalf of Sunset shall submit satisfactory proof of payment of restitution or of reasonable and documented efforts undertaken to effect restitution. Such proof shall be submitted to Adeline Liu, FINRA Department of Enforcement, One World Financial Center, 12<sup>th</sup> Floor, New York, New York, 10281-1003, either by letter that identifies Sunset Matter # 20110269157, or by e-mail from a work-related account of the registered principal of Sunset to [EnforcementNotice@FINRA.org](mailto:EnforcementNotice@FINRA.org). This proof shall be provided to the FINRA staff member listed above no later than 120 days after acceptance of the AWC.

If for any reason Sunset cannot locate any customer identified in Attachment A, or any amendments to Attachment A, after reasonable and documented efforts within 120 days from the date the AWC is accepted, or such additional period agreed to by a FINRA staff member in writing, Sunset shall forward any undistributed restitution and interest to the appropriate escheat, unclaimed property or abandoned property fund for the state in which the customer is last known to have resided. Sunset shall provide satisfactory proof of such action to the FINRA staff member identified above and in the manner described above, within 14 days of forwarding the undistributed restitution and interest to the appropriate state authority.

Sunset has specifically and voluntarily waived any right to claim an inability to pay now, or at any time hereafter the monetary sanction(s) imposed in this matter.

The imposition of a restitution order or any other monetary sanction herein, and the timing of such ordered payments, does not preclude customers from pursuing their own actions to obtain restitution or other remedies.

Sunset agrees to pay the monetary sanctions upon notice that this AWC has been accepted and that such payments are due and payable. Sunset has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

## **II.**

### **WAIVER OF PROCEDURAL RIGHTS**

The Firm specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the Firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;

- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council ("NAC") and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, the Firm specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

The Firm further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

### III.

#### OTHER MATTERS

The Firm understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against the Firm; and
- C. If accepted:
  - 1. this AWC will become part of the Firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against me;
  - 2. this AWC will be made available through FINRA's public disclosure program in response to public inquiries about the Firm's disciplinary record;
  - 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and

4. The Firm may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. The Firm may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the Firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.

- D. The Firm may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The Firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the Firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the Firm to submit it.

July 2, 2013  
Date

Kelly T. Nelson  
Sunset Financial Services, Inc.

By: Kelly T. Nelson, Internal Executive Officer

Reviewed by:

John W. Shaw  
Mr. John W. Shaw, Esq.  
Berkowitz Oliver Williams Shaw & Eisenbrandt, LLP  
2600 Grand Boulevard, Suite 1200  
Kansas City, MO 64108  
816-627-0243

Accepted by FINRA:

Date 7/17/13

Signed on behalf of the  
Director of ODA, by delegated authority



Richard Chin  
Chief Counsel  
FINRA Department of Enforcement  
One World Financial Center, 12<sup>th</sup> Floor  
200 Liberty Street  
New York, New York 10281-1003  
T: (646) 315-7322  
F: (202) 689-3415

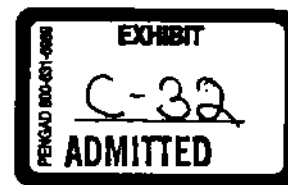
# Exhibit A

Client	Product	Trade Date	Restitution
KS	Fund I	7/31/2008	2,000.00
MSH	Fund I	8/1/2008	3,000.00
W FAMILY TRUST	Fund I	8/1/2008	1,000.00
EVW	Fund I	8/1/2008	2,000.00
WEM	Fund I	8/4/2008	2,000.00
ABW	Fund I	8/11/2008	-
WLJ	Fund I	8/11/2008	1,000.00
DKR	Fund I	8/11/2008	2,000.00
TPG LC	Fund I	8/14/2008	1,000.00
FJS	Fund I	8/14/2008	1,970.28
SLS	Fund I	8/20/2008	918.70
JJM	Fund I	8/20/2008	1,000.00
JHT	Fund I	8/21/2008	1,000.00
NGF DECEDENTS TR	Fund I	8/22/2008	2,000.00
HJC	Fund I	8/27/2008	1,200.00
MLR	Fund I	8/28/2008	1,000.00
RLD	Fund I	8/29/2008	1,784.43
SSSI LLC	Fund I	9/8/2008	2,400.00
JHT	Fund I	9/8/2008	1,000.00
TJG	Fund I	9/9/2008	1,000.00
MWS	Fund I	9/10/2008	1,183.53
MVS	Fund I	9/17/2008	-
RBC	Fund I	9/18/2008	1,000.00
GGB	Fund I	9/19/2008	1,000.00
DJB	Fund I	9/19/2008	2,000.00
SCP	Fund I	9/22/2008	1,000.00
C FAMILY TRUST	Fund II	5/26/2009	4,800.00
WLJ	Fund II	5/26/2009	780.00
GPK	Fund II	6/12/2009	1,500.00
GPK	Fund II	6/22/2009	5,400.00
DMK	Fund II	7/10/2009	1,790.04
MTM	Fund II	7/10/2009	1,492.50
BMP	Fund II	7/13/2009	1,500.00
CJS	Fund II	8/7/2009	6,000.00
GLS	Fund II	8/14/2009	600.00
BMP	Fund II	8/21/2009	420.00
JEN	Fund II	9/14/2009	960.00
GIK	Fund II	9/17/2009	2,100.00
JRS	Fund II	9/17/2009	600.00
KHM	Fund II	9/23/2009	1,200.00
ILM	Fund II	11/2/2009	3,000.00
S FAMILY TR	Fund II	11/4/2009	6,000.00
SCB	Fund II	11/16/2009	3,300.00
GER	Fund II	12/14/2009	1,800.00
TRW	Fund II	12/15/2009	1,800.00
Total			80,499.48



BrokerCheck Report  
**RANDOLF JOHN ALBERS**  
CRD# 850048

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Broker Qualifications	2 - 3
Registration and Employment History	4 - 5
Disclosure Events	6



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## About BrokerCheck®

BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**
  - BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.
  - Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.
- **Where did this information come from?**
  - The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:
    - information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
    - information that regulators report regarding disciplinary actions or allegations against firms or brokers.
- **How current is this information?**
  - Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.
- **What if I want to check the background of an investment adviser firm or investment adviser representative?**
  - To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <http://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.
- **Are there other resources I can use to check the background of investment professionals?**
  - FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.

Thank you for using FINRA BrokerCheck.

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Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at

[brokercheck.finra.org](http://brokercheck.finra.org)



For additional information about the contents of this report, please refer to the User Guidance or [www.finra.org/brokercheck](http://www.finra.org/brokercheck). It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit [www.finra.org](http://www.finra.org).

**RANDOLF J. ALBERS****CRD# 850048**

This broker is not currently registered.

**Report Summary for this Broker**

This report summary provides an overview of the broker's professional background and conduct. Additional information can be found in the detailed report.

**Broker Qualifications**

This broker is not currently registered.

This broker has passed:

- 1 Principal/Supervisory Exam
- 1 General Industry/Product Exam
- 2 State Securities Law Exams

**Registration History**

This broker was previously registered with the following securities firm(s):

AMERICAN INDEPENDENT SECURITIES  
GROUP, LLC  
CRD# 135288  
SCOTTSDALE, AZ  
05/2012 - 12/2015

SUNSET FINANCIAL SERVICES, INC.  
CRD# 3538  
SCOTTSDALE, AZ  
01/1997 - 01/2012

**Disclosure Events**

All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.

Are there events disclosed about this broker? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	1
Customer Dispute	4
Termination	1
Judgment/Lien	1

**Investment Adviser Representative Information**

The information below represents the individual's record as a broker. For details on this individual's record as an investment adviser representative, visit the SEC's Investment Adviser Public Disclosure website at

<http://www.adviserinfo.sec.gov>

C002048

## Broker Qualifications



### Registrations

This section provides the self-regulatory organizations (SROs) and U.S. states/territories the broker is currently registered and licensed with, the category of each license, and the date on which it became effective. This section also provides, for every brokerage firm with which the broker is currently employed, the address of each branch where the broker works.

This broker is not currently registered.

## Broker Qualifications



### Industry Exams this Broker has Passed

This section includes all securities industry exams that the broker has passed. Under limited circumstances, a broker may attain a registration after receiving an exam waiver based on exams the broker has passed and/or qualifying work experience. Any exam waivers that the broker has received are not included below.

This individual has passed 1 principal/supervisory exam, 1 general industry/product exam, and 2 state securities law exams.

#### Principal/Supervisory Exams

Exam	Category	Date
General Securities Principal Examination	Series 24	08/19/2002

#### General Industry/Product Exams

Exam	Category	Date
General Securities Representative Examination	Series 7	12/30/1996

#### State Securities Law Exams

Exam	Category	Date
Uniform Securities Agent State Law Examination	Series 63	12/30/1996
Uniform Combined State Law Examination	Series 66	02/21/2005

Additional information about the above exams or other exams FINRA administers to brokers and other securities professionals can be found at [www.finra.org/brokerqualifications/registeredrep/](http://www.finra.org/brokerqualifications/registeredrep/).

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## Registration and Employment History



### Registration History

The broker previously was registered with the following firms:

Registration Dates	Firm Name	CRD#	Branch Location
05/2012 - 12/2015	AMERICAN INDEPENDENT SECURITIES GROUP, LLC	135288	SCOTTSDALE, AZ
01/1997 - 01/2012	SUNSET FINANCIAL SERVICES, INC.	3538	SCOTTSDALE, AZ

### Employment History

This section provides up to 10 years of an individual broker's employment history as reported by the individual broker on the most recently filed Form U4.

Please note that the broker is required to provide this information only while registered with FINRA or a national securities exchange and the information is not updated via Form U4 after the broker ceases to be registered. Therefore, an employment end date of "Present" may not reflect the broker's current employment status.

Employment Dates	Employer Name	Employer Location
01/2016 - Present	Advanced Financial Services LLC	Scottsdale, AZ
02/1989 - Present	ALBERS FINANCIAL GROUP INC	PHOENIX, AZ
05/2012 - 12/2015	AMERICAN INDEPENDENT SECURITIES GROUP, LLC	EAGLE, ID
02/1970 - 06/2015	KANSAS CITY LIFE INSURANCE CO	KANSAS CITY, MO
11/1996 - 01/2012	SUNSET FINANCIAL SERVICES, INC.	PHOENIX, AZ

### Other Business Activities

This section includes information, if any, as provided by the broker regarding other business activities the broker is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious or fraternal and is recognized as tax exempt.

LIFE/HEALTH/DISABILITY/PROPERTY CASUALTY REGISTERED AGENT. OTHER BUSINESSES: ALBERS FAMILY TRUST-TRUSTEE WITH I PRESIDENT; LIMITED INTERESTS IN PRODUCTION DRILLING AND CASTELLIE EXPLORATION CO.; ALBERS OF FINANCIAL GROUP INC., CEO/PRES; LTD PARTNER,MID-CONTINENT OIL & GAS WORKING PSHIP INT.; ALBERS OF ARIZONA AGENCY,SELING LIFE INSURANCE, LONG TERM CARE AND MEDICAL AND DISABILITY INSURANCE. ALBERS FINANCIAL PROPERTY & CAUSUALTY DIVISION WITH ALBERS & SIMMONS AGENCY INC. DBA ALBERS INSURANCE ASSOCIATION OF AZ; AIM MUTUAL OF OMAHA; UNITED OF OMAHA; PACIFIC LIFE INSURANCE CO; 340LLC, SET UP TO OPERAT A CESSNA 340 AIRCRAFT. THE PLANE HAS BEEN SOLD AND THE LLC IS INOPERATIVE. FINAL TAX RETURNS HAVE BEEN FILED. MANAGING PARTNER OF COA LLC, WHICH OWNED AN

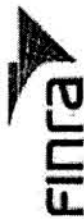
## Registration and Employment History



### Other Business Activities, continued

OFFICE BUILDING WHICH WAS SUBSEQUENTLY SOLD. FINAL TAX RETURNS H FILED.  
N73 SIERRA LLC WAS SENT UP TO OWN AND OPERATE AN AIRPLANE IN MY INSURANCE BUSINESS.  
MANAGING PARTNER. PLANE WAS SOLD AND NO CHECKING ACCOUNTS 0% TIME SPENT AND NO  
COMPENSATION, FINAL RETURNS HAVE BEEN FILED. UNITED AMERICAN INSURANCE COMPANY. NOT  
INVESTMENT RELATED. SOLICITED INSURANCE BUSINESS ALL FIXED PRODUCTS. 7373 N SCOTTSDALE RD  
SUITE B 270 SCOTTSDALE ARIZONA 85253.

## Disclosure Events



### What you should know about reported disclosure events:

1. All individuals registered to sell securities or provide investment advice are required to disclose customer complaints and arbitrations, regulatory actions, employment terminations, bankruptcy filings, and criminal or civil judicial proceedings.
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
  - o A law enforcement agency must file formal charges before a broker is required to disclose a particular criminal event.
  - o A customer dispute must involve allegations that a broker engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.
3. **Disclosure events in BrokerCheck reports come from different sources:**
  - o As mentioned at the beginning of this report, information contained in BrokerCheck comes from brokers, brokerage firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
  - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
    - A "pending" event involves allegations that have not been proven or formally adjudicated.
    - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
    - A "final" event has been concluded and its resolution is not subject to change.
  - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
    - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
    - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that brokers and brokerage firms may choose to settle customer disputes or regulatory matters for business or other reasons.
    - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.

For your convenience, below is a matrix of the number and status of disclosure events involving this broker. Further information regarding these events can be found in the subsequent pages of this report. You also may wish to contact the broker to obtain further information regarding these events.

#### Regulatory Event

Pending	Final	On Appeal
0	1	0

C002053



Customer Dispute	0	4	N/A
Termination	N/A	1	N/A
Judgment/Lien	1	N/A	N/A





## Disclosure Event Details

When evaluating this information, please keep in mind that a disclosure event may be pending or involve allegations that are contested and have not been resolved or proven. The matter may, in the end, be withdrawn, dismissed, resolved in favor of the broker, or concluded through a negotiated settlement for certain business reasons (e.g., to maintain customer relationships or to limit the litigation costs associated with disputing the allegations) with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to CRD and therefore some of the specific data fields contained in the report may be blank if the information was not provided to CRD.

### Regulatory - Final

This type of disclosure event may involve (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulatory such as the Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of a broker's authority to act as an attorney, accountant, or federal contractor.

#### Disclosure 1 of 1

Reporting Source: Regulator

Regulatory Action Initiated By: FINRA

Sanction(s) Sought: Other: N/A

Date Initiated: 12/17/2013

Docket/Case Number: 2011026915702

Employing firm when activity occurred which led to the regulatory action: SUNSET FINANCIAL SERVICES, INC.

Product Type: Other: PRIVATE PLACEMENTS

Allegations: NASD RULES 2110, 3030 - RANDOLF ALBERS ENTERED INTO A WRITTEN PROFIT PARTICIPATION AGREEMENT FOR COMPENSATION, PREMISED ON HIS PRIOR SALES ACTIVITIES. ALBERS' MEMBER FIRM APPROVED THE SALE OF A PRIVATE PLACEMENT OFFERED BY A SPONSOR TO ACCREDITED INVESTORS AND AT THE SAME TIME, ENTERED INTO A SELLING AGREEMENT WITH THE SPONSOR WHEREIN THE SPONSOR AGREED TO PAY THE FIRM A TWO PERCENT GROSS DEALER CONcession ON SALES OF THE FUND, ALONG WITH TRAIL CONCESSIONS. OVER A FOUR-YEAR PERIOD, FIRM CUSTOMER ACCOUNTS INVESTED APPROXIMATELY \$57 MILLION IN THE FUND. UNBEKNOWNST TO THE FIRM,

C002055



ALBERS EXECUTED AN AGREEMENT WITH THE SPONSOR PREMISED ON HIS PREVIOUS SALES IN WHICH THE SPONSOR AGREED TO PAY 2.81 PERCENT OF ITS NET PROFITS ON A QUARTERLY BASIS TO A FAMILY TRUST, OVER WHICH ALBERS AND HIS WIFE WERE TRUSTEES AND OWNERS. FOR OVER A YEAR, THE SPONSOR PAID A TOTAL OF APPROXIMATELY \$326,335 TO ALBERS PURSUANT TO THE TERMS OF THE AGREEMENT. THIS COMPENSATION WAS IN ADDITION TO THE GROSS DEALER CONCESSIONS THE FIRM PAID TO ALBERS. BY ENTERING INTO THE AGREEMENT PREMISED ON HIS PRIOR SALES ACTIVITIES, ALBERS ENGAGED IN AN OUTSIDE BUSINESS ACTIVITY OUTSIDE THE SCOPE OF HIS EMPLOYMENT WITH HIS FIRM AND FAILED TO GIVE THE FIRM PROMPT WRITTEN NOTICE.

**Current Status:**

Final

**Resolution:**

Acceptance, Waiver &amp; Consent(AWC)

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

No

**Resolution Date:**

12/17/2013

**Sanctions Ordered:**Civil and Administrative Penalty(ies)/Fine(s)  
Suspension

If the regulator is the SEC, CFTC, or an SRO, did the action result in a finding of a willful violation or failure to supervise?

No

C002056



(1) willfully violated any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board, or to have been unable to comply with any provision of such Act, rule or regulation?

(2) willfully aided, abetted, counseled, commanded, induced, or procured the violation by any person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any of such Acts, or any of the rules of the Municipal Securities Rulemaking Board? or

C002057



(3) failed reasonably to supervise another person subject to your supervision, with a view to preventing the violation by such person of any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or regulation under any such Acts, or any of the rules of the Municipal Securities Rulemaking Board?

## Sanction 1 of 1

<b>Sanction Type:</b>	Suspension
<b>Capacities Affected:</b>	ANY CAPACITY
<b>Duration:</b>	30 DAYS
<b>Start Date:</b>	01/21/2014
<b>End Date:</b>	02/19/2014

## Monetary Sanction 1 of 1

<b>Monetary Related Sanction:</b>	Civil and Administrative Penalty(ies)/Fine(s)
<b>Total Amount:</b>	\$5,000.00
<b>Portion Levied against individual:</b>	\$5,000.00

## Payment Plan:

## Is Payment Plan Current:

<b>Date Paid by individual:</b>	11/17/2014
---------------------------------	------------

<b>Was any portion of penalty waived?</b>	No
---	----

## Amount Waived:

## Regulator Statement

WITHOUT ADMITTING OR DENYING THE FINDINGS, ALBERS CONSENTED



TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, HE IS FINED \$5,000 AND SUSPENDED FROM ASSOCIATION WITH ANY FINRA MEMBER IN ANY CAPACITY FOR 30 DAYS. THE SUSPENSION IS IN EFFECT FROM JANUARY 21 2014 THROUGH FEBRUARY 19, 2014.  
FINE PAID IN FULL ON NOVEMBER 17, 2014.

**Reporting Source:****Regulatory Action Initiated****By:****Sanction(s) Sought:****Date Initiated:****Docket/Case Number:****Employing firm when activity occurred which led to the regulatory action:****Broker**

FINRA

**Other:** N/A

12/17/2013

2011026915702

SUNSET FINANCIAL SERVICES, INC.

**Product Type:****Allegations:****Other:** PRIVATE PLACEMENT

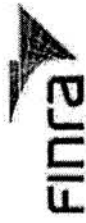
NASD RULES 2110, 3030 - RANDOLF ALBERS ENTERED INTO A WRITTEN PROFIT PARTICIPATION AGREEMENT FOR COMPENSATION, PREMISED ON HIS PRIOR SALES ACTIVITIES. ALBERS' MEMBER FIRM APPROVED THE SALE OF A PRIVATE PLACEMENT OFFERED BY A SPONSOR TO ACCREDITED INVESTORS AND AT THE SAME TIME, ENTERED INTO A SELLING AGREEMENT WITH THE SPONSOR WHEREIN THE SPONSOR AGREED TO PAY THE FIRM A TWO PERCENT GROSS DEALER CONCESSION ON SALES OF THE FUND, ALONG WITH TRAIL CONCESSIONS. OVER A FOUR-YEAR PERIOD, FIRM CUSTOMER ACCOUNTS INVESTED APPROXIMATELY \$57 MILLION IN THE FUND. UNBEKNOWNST TO THE FIRM, ALBERS EXECUTED AN AGREEMENT WITH THE SPONSOR PREMISED ON HIS PREVIOUS SALES IN WHICH THE SPONSOR AGREED TO PAY 2.81 PERCENT OF ITS NET PROFITS ON A QUARTERLY BASIS TO A FAMILY TRUST, OVER WHICH ALBERS AND HIS WIFE WERE TRUSTEES AND OWNERS. FOR OVER A YEAR, THE SPONSOR PAID A TOTAL OF APPROXIMATELY \$326,335 TO ALBERS PURSUANT TO THE TERMS OF THE AGREEMENT. THIS COMPENSATION WAS IN ADDITION TO THE GROSS DEALER CONCESSIONS THE FIRM PAID TO ALBERS. BY ENTERING INTO THE AGREEMENT PREMISED ON HIS PRIOR SALES ACTIVITIES, ALBERS ENGAGED IN AN OUTSIDE BUSINESS ACTIVITY OUTSIDE THE SCOPE OF HIS EMPLOYMENT WITH HIS FIRM AND FAILED TO GIVE THE FIRM PROMPT WRITTEN NOTICE.

C002059



<b>Current Status:</b>	Final
<b>Resolution:</b>	Acceptance, Waiver & Consent(AWC)
<b>Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct?</b>	No
<b>Resolution Date:</b>	12/17/2013
<b>Sanctions Ordered:</b>	Civil and Administrative Penalty(ies)/Fine(s) Suspension
<b>Sanction 1 of 1</b>	
<b>Sanction Type:</b>	Suspension
<b>Capacities Affected:</b>	ANY CAPACITY
<b>Duration:</b>	30 DAYS
<b>Start Date:</b>	01/21/2014
<b>End Date:</b>	02/19/2014
<b>Monetary Sanction 1 of 1</b>	
<b>Monetary Related Sanction:</b>	Civil and Administrative Penalty(ies)/Fine(s)
<b>Total Amount:</b>	\$5,000.00
<b>Portion Levied against individual:</b>	\$5,000.00
<b>Payment Plan:</b>	
<b>Is Payment Plan Current:</b>	Yes
<b>Date Paid by individual:</b>	
<b>Was any portion of penalty waived?</b>	No
<b>Amount Waived:</b>	

C002060



### Customer Dispute - Settled

This type of disclosure event involves a consumer-initiated, investment-related complaint, arbitration proceeding or civil suit containing allegations of sale practice violations against the broker that resulted in a monetary settlement to the customer.

#### Disclosure 1 of 4

##### Reporting Source:

Firm

SUNSET FINANCIAL SERVICES, INC.

Employing firm when activities occurred which led to the complaint:

##### Allegations:

CLIENT ALLEGES BREACH OF FIDUCIARY DUTY, VIOLATION OF FINRA AND NASD RULES, BREACH OF CONTRACT, AND NEGLIGENCE, RELATED TO THE SALE OF A DIRECT INVESTMENT MADE BY CLIENT IN JUNE 2007.

##### Product Type:

Direct Investment-DPP & LP Interests

##### Alleged Damages:

\$51,000.00

##### Arbitration Information

Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):

FINRA ARBITRATION

##### Docket/Case #:

15-00603

##### Date Notice/Process Served:

03/24/2015

##### Arbitration Pending?

No

##### Disposition:

Settled

##### Disposition Date:

02/29/2016

##### Monetary Compensation Amount:

\$17,500.00

##### Individual Contribution Amount:

\$2,500.00

##### Reporting Source:

Broker

Employing firm when

SUNSET FINANCIAL SERVICES, INC.

activities occurred which led to the complaint:

##### Allegations:

CLIENT ALLEGES BREACH OF FIDUCIARY DUTY, VIOLATION OF FINRA AND NASD RULES, BREACH OF CONTRACT, AND NEGLIGENCE, RELATED TO



# THE SALE OF A DIRECT INVESTMENT MADE BY CLIENT IN JUNE 2007

## Product Type:

Direct Investment-DPP & LP Interests

## Alleged Damages:

\$51,000.00

## Is this an oral complaint?

No

## Is this a written complaint?

Yes

## Is this an arbitration/CFTC reparation or civil litigation?

Yes

## Arbitration/Reparation forum or court name and location:

Finra Arbitration

## Docket/Case #:

15-00603

## Filing date of arbitration/CFTC reparation or civil litigation:

03/24/2015

## Customer Complaint Information

### Date Complaint Received:

03/24/2015

### Complaint Pending?

Yes

### Settlement Amount:

### Individual Contribution Amount:

### Broker Statement

I DENY ALL ALLEGATIONS, AND WILL ARGUE CASE IN ARBITRATION. CASE WAS FILED AFTER STATUTE OF LIMITATIONS PASSED AND ALLEGATIONS ARE FALSE.

## Disclosure 2 of 4

### Reporting Source:

Firm

### Employing firm when activities occurred which led to the complaint:

SUNSET FINANCIAL SERVICES, INC.

### Allegations:

THE COMPLAINT ALLEGES THAT THE FIRM, THROUGH ITS REPRESENTATIVE, MISREPRESENTED AND RECOMMENDED UNSUITABLE INVESTMENTS GIVEN THE CUSTOMERS' FINANCIAL SITUATION, NEEDS, AND INVESTMENT OBJECTIVES. THE INVESTMENTS IN QUESTION TOOK PLACE IN JANUARY 2007, SEPTEMBER 2007, AND JULY 2009.





**Product Type:** Direct Investment-DPP & LP Interests  
Real Estate Security

**Alleged Damages:** \$275,907.04

**Is this an oral complaint?** No

**Is this a written complaint?** Yes

**Is this an arbitration/CFTC  
reparation or civil litigation?** Yes

**Arbitration/Reparation forum  
or court name and location:** FINRA ARBITRATION

**Docket/Case #:** 13-00079

**Filing date of  
arbitration/CFTC reparation  
or civil litigation:** 01/07/2013

#### Customer Complaint Information

**Date Complaint Received:** 01/14/2013

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 09/09/2013

**Settlement Amount:** \$107,500.00

**Individual Contribution  
Amount:** \$0.00

**Reporting Source:** Broker

**Employing firm when  
activities occurred which led  
to the complaint:** SUNSET FINANCIAL SERVICES, INC

**Allegations:**

THE COMPLAINT ALLEGES THAT THE FIRM, THROUGH ITS REPRESENTATIVE, MISREPRESENTED AND RECOMMENDED UNSUITABLE INVESTMENTS GIVEN THE CUSTOMERS' FINANCIAL SITUATION, NEEDS AND INVESTMENT OBJECTIVES. THE INVESTMENTS IN QUESTION TOOK PLACE IN JANUARY 2007, SEPTEMBER 2007, AND JULY 2009

C002063

**Product Type:** Direct Investment-DPP & LP Interests  
Real Estate Security



**Alleged Damages:** \$275,907.04

**Is this an oral complaint?** No

**Is this a written complaint?** Yes

**Is this an arbitration/CFTC  
reparation or civil litigation?** Yes

**Arbitration/Reparation forum  
or court name and location:** FINRA ARBITRATION

**Docket/Case #:** 13-00079

**Filing date of  
arbitration/CFTC reparation  
or civil litigation:** 01/07/2013

### Customer Complaint Information

**Date Complaint Received:** 01/14/2013

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 09/09/2013

**Settlement Amount:** \$107,500.00

**Individual Contribution  
Amount:** \$0.00

### Disclosure 3 of 4

**Reporting Source:** Firm

SUNSET FINANCIAL SERVICES, INC.

**Employing firm when  
activities occurred which led  
to the complaint:**

**Allegations:**

THE ALLEGATIONS MADE IN THE COMPLAINT ARE RELATED TO THE SALE OF THE IMH SECURED LOAN FUND IN FEBRUARY 2007. THE COMPLAINT ALLEGES THAT SUNSET FINANCIAL, ACTING THROUGH ALBERS, VIOLATED FEDERAL AND STATE SECURITIES LAWS, BREACHED ITS CONTRACT, BREACHED ITS FIDUCIARY DUTY, AND COMMITTED NEGLIGENCE, GROSS NEGLIGENCE, AND COMMON LAW FRAUD IN THE SALE OF THESE SECURITIES.

**Product Type:** Direct Investment-DPP & LP Interests

C002064



**Alleged Damages:** \$300,000.00

**Is this an oral complaint?** No

**Is this a written complaint?** Yes

**Is this an arbitration/CFTC reparation or civil litigation?** Yes

**Arbitration/Reparation forum or court name and location:** FINRA ARBITRATION

**Docket/Case #:** 11-03848

**Filing date of arbitration/CFTC reparation or civil litigation:** 10/05/2011

#### Customer Complaint Information

**Date Complaint Received:** 10/14/2011

**Complaint Pending?** No

**Status:** Settled

**Status Date:** 10/19/2012

**Settlement Amount:** \$174,000.00

**Individual Contribution Amount:** \$0.00

#### Reporting Source:

Broker

**Employing firm when activities occurred which led to the complaint:**

SUNSET FINANCIAL SERVICES, INC.

#### Allegations:

THE ALLEGATIONS MADE IN THE COMPLAINT ARE RELATED TO THE SALE OF THE IMH SECURED LOAN FUND IN FEBRUARY 2007. THE COMPLAINT ALLEGES THAT SUNSET FINANCIAL, ACTING THROUGH ALBERS, VIOLATED FEDERAL AND STATE SECURITIES LAWS, BREACHED ITS CONTRACT, BREACHED ITS FIDUCIARY DUTY, AND COMMITTED NEGLIGENCE, GROSS NEGLIGENCE, AND COMMON LAW FRAUD IN THE SALE OF THESE SECURITIES.

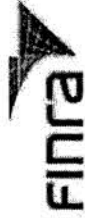
C002065

#### Product Type:

Direct Investment-DPP & LP Interests

#### Alleged Damages:

\$300,000.00



Is this an oral complaint? No  
 Is this a written complaint? Yes  
 Is this an arbitration/CFTC reparation or civil litigation? Yes  
 Arbitration/Reparation forum or court name and location: FINRA ARBITRATION

Docket/Case #: 11-03848  
 Filing date of arbitration/CFTC reparation or civil litigation: 10/05/2011

#### Customer Complaint Information

Date Complaint Received: 10/14/2011

Complaint Pending? No

Status: Settled

Status Date: 10/19/2012

Settlement Amount: \$174,000.00

Individual Contribution Amount: \$0.00

Broker Statement I DENY ALL ALLEGATIONS IN THE CLAIM AND WILL VIGOROUSLY DEFEND THE SAME. WAS SETTLED FOR EXPEDIENCE PURPOSES.

#### Disclosure 4 of 4

Reporting Source: Firm

Employing firm when activities occurred which led to the complaint: SUNSET FINANCIAL SERVICES, INC.

#### Allegations:

THE CUSTOMERS ALLEGE THAT THEY WERE FRAUDULENTLY INDUCED TO MAKE MULTIPLE INVESTMENTS FROM FEBRUARY 2005 THROUGH JUNE 2008 IN IMH FINANCIAL SECURED LOAN FUND THROUGH A SERIES OF MATERIAL MISREPRESENTATIONS AND OMISSIONS.

#### Product Type:

Direct Investment-DPP & LP Interests

#### Alleged Damages:

\$1,590,000.00

C002060



### Arbitration Information

Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):

FINRA

Docket/Case #:

11-00962

Date Notice/Process Served:

03/14/2011

Arbitration Pending?

No

Disposition:

Settled

Disposition Date:

07/25/2012

Monetary Compensation Amount:

\$600,000.00

Individual Contribution Amount:

\$400,000.00

Firm Statement

THE \$600,000.00 SETTLEMENT WAS PAID AS FOLLOWS: \$200,000.00 BY THE FIRM AND \$400,000.00 BY MR. ALBERS THROUGH HIS ERRORS AND OMISSIONS INSURER.

Reporting Source:

Broker

Employing firm when activities occurred which led to the complaint:

SUNSET FINANCIAL SERVICES, INC.

Allegations:

THE CUSTOMERS ALLEGE THAT THEY WERE FRAUDULENTLY INDUCED TO MAKE MULTIPLE INVESTMENTS FROM FEBRUARY 2005 THROUGH JUNE 2008 IN IMH FINANCIAL SECURED LOAN FUND THROUGH A SERIES OF MATERIAL MISREPRESENTATIONS AND OMISSIONS.

Product Type:

Direct Investment-DPP & LP Interests

Alleged Damages:

\$1,590,000.00

### Arbitration Information

Arbitration/CFTC reparation claim filed with (FINRA, AAA, CFTC, etc.):

FINRA

Docket/Case #:

11-00962

Date Notice/Process Served:

03/14/2011



<b>Arbitration Pending?</b>	No
<b>Disposition:</b>	Settled
<b>Disposition Date:</b>	07/25/2012
<b>Monetary Compensation Amount:</b>	\$600,000.00
<b>Individual Contribution Amount:</b>	\$400,000.00
<b>Broker Statement</b>	I DENY ALL ALLEGED ALLEGATIONS. AMENDED STATEMENT OF CLAIM RECEIVED ON 05/24/11.

C002068

**Employment Separation After Allegations**

This type of disclosure event involves a situation where the broker voluntarily resigned, was discharged, or was permitted to resign after being accused of (1) violating investment-related statutes, regulations, rules or industry standards of conduct; (2) fraud or the wrongful taking of property; or (3) failure to supervise in connection with investment-related statutes, regulations, rules, or industry standards of conduct.

**Disclosure 1 of 1**

**Reporting Source:** Firm  
**Employer Name:** SUNSET FINANCIAL SERVICES, INC.  
**Termination Type:** Discharged  
**Termination Date:** 01/06/2011  
**Allegations:** FAILURE TO REPORT AN OUTSIDE BUSINESS ACTIVITY  
**Product Type:** Direct Investment-DPP & LP Interests

**Reporting Source:** Broker  
**Employer Name:** SUNSET FINANCIAL SERVICES  
**Termination Type:** Discharged  
**Termination Date:** 01/06/2011  
**Allegations:** FAILURE TO REPORT AN OUTSIDE BUSINESS ACTIVITY  
**Product Type:** Direct Investment-DPP & LP Interests

C002069



## Judgment / Lien

This type of disclosure event involves an unsatisfied and outstanding judgments or liens against the broker.

### Disclosure 1 of 1

<b>Reporting Source:</b>	Broker
<b>Judgment/Lien Holder:</b>	IRS Federal Tax Lien
<b>Judgment/Lien Amount:</b>	\$27,912.46
<b>Judgment/Lien Type:</b>	Tax
<b>Date Filed with Court:</b>	09/09/2014
<b>Date Individual Learned:</b>	12/15/2015
<b>Type of Court:</b>	county recorder
<b>Name of Court:</b>	Maricopa county recorder
<b>Location of Court:</b>	maricopa County Arozona, recorder
<b>Docket/Case #:</b>	20140588767
<b>Judgment/Lien Outstanding?</b>	Yes
<b>Status Date:</b>	01/26/2016
<b>Broker Statement</b>	Have been negotiating with IRS, some tax is disputed Liens result from real estate Market crash. and will be resolved with sale of real estate.

C002070



## End of Report



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CONCORDIA FINANCING COMPANY, LTD.

FINANCIAL STATEMENTS

December 31, 2010 and 2009

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C000033



Accountants & Advisors

5 West 37<sup>th</sup> Street  
9<sup>th</sup> Floor  
New York, NY 10018  
212.868.3669  
212.868.3498/Fax

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Concordia Financing Company, Ltd.  
Rancho Cucamonga, California

We have reviewed the accompanying balance sheets of Concordia Financing Company, Ltd. as of December 31, 2010 and 2009, and the related statements of operations, changes in shareholders deficit, and cash flows for the period in the two years then ended December 31, 2010. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments to the financial statements that might be necessary should the Company be unable to continue as a going concern.

RBSM LLP

New York, New York  
August 2, 2011

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New York, NY Washington DC Mumbai, India  
Member of Russell Bedford International with affiliated offices worldwide

C000034

CONCORDIA FINANCING COMPANY, LTD.

BALANCE SHEETS

December 31,

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 327,736	\$ 1,495,963
Purchased contracts		
Pledged purchased contracts, net	9,564,573	13,447,280
Non-performing purchased contracts	3,506,736	5,557,041
Less allowance for purchased contract losses	(3,271,302)	(4,977,852)
Net purchased contracts	9,800,007	14,026,469
Accrued interest receivable	405,570	2,759,471
Furniture and equipment, net	161,020	189,216
Other assets	122,589	94,187
TOTAL ASSETS	\$ 10,816,922	\$ 18,565,306
LIABILITIES AND SHAREHOLDERS' DEFICIT		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 15,607	\$ 45,060
Notes payable - others	27,130	-
Notes payable	2,447,092	2,893,128
Investor Portfolio	22,343,585	25,632,013
TOTAL LIABILITIES	24,833,414	28,570,201
Commitments and contingencies		
SHAREHOLDERS' DEFICIT:		
Preferred stock; no par value; 10,000,000 shares authorized	-	-
Common stock; no par value; 10,000,000 shares authorized; issued and outstanding 692,200 shares at December 31, 2010 and 2009, respectively	420,112	420,112
Accumulated Deficit	(14,436,604)	(10,425,007)
TOTAL SHAREHOLDERS' DEFICIT	(14,016,492)	(10,004,895)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	\$ 10,816,922	\$ 18,565,306

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY, LTD.

STATEMENT OF OPERATIONS

For the Years Ended December 31,

	2010	2009
FINANCING INCOME:		
Contract interest, fees and discounts	\$ 1,210,245	\$ 5,243,664
FINANCING EXPENSES:		
Interest expense	-	315,159
Custodian expenses	-	9,394
TOTAL FINANCING EXPENSES	-	324,553
	1,210,245	4,919,111
Provision for contract losses	2,863,453	6,549,328
NET INTEREST INCOME (LOSS) AFTER PROVISION FOR CONTRACT LOSSES	(1,653,208)	(1,630,217)
OPERATING EXPENSES		
Salaries and employee benefits	876,763	1,109,204
Office expenses	162,698	170,885
Professional fees	443,785	502,373
Depreciation and amortization	81,440	82,084
General and administrative	800,173	946,607
TOTAL OPERATING EXPENSES	2,364,859	2,811,153
LOSS BEFORE INCOME TAXES	(4,018,067)	(4,441,370)
Provision (benefit) for income taxes	-	-
TOTAL OPERATING LOSS	(4,018,067)	(4,441,370)
OTHER INCOME/ (EXPENSES)		
Interest Income	6,470	18,008
NET LOSS	\$ (4,011,597)	\$ (4,423,362)

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY, LTD.

STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

For the Years Ended December 31, 2010 and 2009

	10,000,000 Authorized Common Stock and Additional		Accumulated Deficit	Total
	Shares	Amount		
BALANCE AT DECEMBER 31, 2008	692,200	\$ 420,112	\$ (6,001,645)	\$ (5,581,533)
Net loss	-	-	(4,423,362)	(4,423,362)
BALANCE AT DECEMBER 31, 2009	692,200	\$ 420,112	\$ (10,425,007)	\$ (10,004,895)
Net loss	-	-	(4,011,597)	(4,011,597)
BALANCE AT DECEMBER 31, 2010	692,200	\$ 420,112	\$ (14,436,604)	\$ (14,016,492)

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The accompanying notes are an integral part of these financial statements.  
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CONCORDIA FINANCING COMPANY, LTD.

STATEMENT OF CASH FLOWS

For the Years Ended December 31,

	2010	2009
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (4,011,597)	\$ (4,423,362)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	81,441	82,085
Provision for contract losses	2,863,452	6,467,848
Non-performing purchased contracts	2,050,305	367,608
Amortization of unearned discount	(108,367)	(246,721)
Changes in assets and liabilities:		
Accrued Interest	2,353,901	75,865
Other assets	(28,404)	39,684
Notes receivable - related party	-	53,479
Accounts payable and accrued expense	(29,453)	(307,890)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,171,278</b>	<b>2,108,596</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Contracts purchased	(5,145,237)	(4,551,177)
Acquisition of furniture & equipment, net	(53,245)	(1,433)
Principal payments of purchased contracts received	4,566,310	6,355,829
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<b>(632,172)</b>	<b>1,803,219</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	28,245	-
Payment of notes payable	(1,115)	-
Payment of secured borrowings	(3,734,463)	(3,494,053)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3,707,333)</b>	<b>(3,494,053)</b>
Net increase (decrease) in cash and cash equivalents	(1,168,227)	417,762
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,495,963	1,078,201
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 327,736</b>	<b>\$ 1,495,963</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ -	\$ 315,159
Cash paid for taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

## CONCORDIA FINANCING COMPANY, LTD

### NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

#### NOTE 1 – NATURE OF BUSINESS

Concordia Financing Company, LTD (Company) was incorporated in California on April 19, 1994 and has been organized and operates as a single operating segment. The Company is located in Rancho Cucamonga, California and is in the business as an originator and servicer of sub-prime retail installment sales contracts (the "Contracts") collateralized by pre-owned Class 8 trucks. The term of the Contracts typically ranges between 24 to 48 months with a 30% annual interest rate. The Company's primary sources of revenue are origination fees, servicing fees and discount earned from these sales contracts.

#### NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting where revenues and expenses are recognized in the period in which they were incurred. The basis of accounting conforms to accounting principles generally accepted in the United States of America.

##### Going Concern

As shown in the accompanying financial statements, the Company incurred a net loss of \$ 4,011,597 during the year ended December 31, 2010, and as of that date, the Company's total liabilities exceeded its total assets by \$14,016,492. Those factors, as well as the uncertain conditions that the Company faces regarding its loan agreements (as discussed in Note 9), create an uncertainty about the Company's ability to continue as a going concern. Management of the Company has implemented a plan that substantially reduces its debt service through the elimination of interest expense (see Note 9). The ability of the Company to continue as a going concern is dependent on the success of the plan as well as the trucking industry. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes that the estimates and related assumptions used in the preparation of these financial statements are appropriate, actual results could differ from those estimates. Estimates are made principally in the assessment of collectivity of receivables, of estimated residual values of leased equipment and the depreciable lives of such assets.



CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue from contract interest, fees and discounts is recognized over the term of the contract on the accrual basis.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At December 31, 2010 and 2009, cash and cash equivalents include cash on hand and cash in the bank

Purchased Contracts-Pledged

Purchased contracts are contracts that pledged to investors and expected to be held until maturity or payoff that are reported at their outstanding unpaid principal balance, reduced by any charge-off and net of any amortized premiums or discounts on purchased contracts.

Sales contract purchase discounts are capitalized and recognized as an adjustment of the yield on the related loan using the effective interest method over the term of the contracts.

Third-party investors were arranged by an independent broker to invest capital in contracts originated by truck dealers and purchased by Concordia on behalf of the investors. The Company will service the contracts pursuant to a Sales and Servicing Agreement (the "Agreement") entered into by the investor. The Agreement allows the Company, at its discretion, to purchase and service contracts on behalf of these investors.

Pursuant to the Agreement, the investor can terminate the Agreement upon notice by the investor. If the investor terminates the Agreement, the Company's servicing activities of the contract is halted and the investor or designated servicer assumes the servicing aspects of the contract. The investor also assumes the position as lien holder on the contract.

Concordia has a contingent guarantee, subject to Concordia's servicing the contract, on the interest and principal on the contract. In addition, the sales and service agreement provides the Company a first right of refusal to buy back the contract at 95% of the existing principal balance. Under ASC 860 "Accounting for Transfer and Servicing of Financial Assets and Extinguishment of Liabilities," this provision does not satisfy the requirements for a complete sale and therefore these contracts are carried as a contingent liability by Concordia.

In most cases, the agreements designate a third party (custodian) who holds the titles and contracts. Custodian fees may be paid to these parties based on the Sales and Servicing Agreement.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-performing Purchased Contracts

Income recognition of interest is discounted when, in the opinion of management, the collectability of such interest become doubtful. A contract is generally placed on non-accrual status at the earlier of (i) the contract becoming past due 90 days as to either principal or interest, (ii) when the truck is repossessed, or (iii) when the truck owner has entered bankruptcy proceedings and the contract is delinquent. Exceptions to placing 90-day past due contract on non-accrual may be made if the contract is in the process of collection or modification. Contracts are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. When a contract is placed on non-accrual status, interest accrued but not received is reversed against interest income. A non-accrual contract may be restored to accrual status when delinquent loan payments are collected and the contract is expected to perform in the future according to its contractual terms. Interest income on performing impaired contract is recognized on the accrual basis.

Reserve for Contract Losses

The reserve for a contract losses is maintained at an amount management deems adequate to cover estimated losses. In determining the level to be maintained, management evaluates many factors, including but not exclusively, current economic conditions, historical and projected contract loss, and factors affecting collectability on specific borrowers based upon regular contract reviews. In the opinion of management, the present reserve is adequate to absorb reasonable, foreseeable contract losses. While management uses the best information available to make such evaluations, future adjustments to the reserve may be necessary based on changes in economic conditions or any of the other factors used in management's determination. Charge-offs to the reserve are made when a determination of a confirmed loss. Recoveries on contracts previously charged off are also recorded through the allowance.

Furniture, Fixtures, and Equipment

Furniture, fixtures and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimate useful life, which ranges from five to seven years. Depreciation Expenditures for betterments or major repairs are capitalized and those for ordinary repairs and maintenance are charged to operations as incurred. Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever is shorter.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company has adopted Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statement or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Temporary differences between taxable income reported for financial reporting purposes and income tax purposes consist primarily of reserve for contract losses accounting versus tax differences.

The Company has incurred cumulative net operating losses ("NOLs") for financial accounting and tax purposes. The effects of the NOLs have given rise to a deferred tax asset which has been offset by a valuation allowance. A valuation allowance is required to be recorded when it is "more likely than not that some portion or all of the deferred tax assets will not be realized." The Company's valuation allowance totals 100% of the gross deferred tax asset.

Concentration of Credit Risk

The Company maintains cash balances in one financial institution, which exceeds federally insured limits.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and pledged purchased contract. Concentrations of credit risk with respect to contract receivables are limited due to the large number of customers comprising the Company's customer base and their dispersion across different geographic areas. As of December 31, 2010, the Company had no significant concentrations of credit risk.

Fair Value of Financial Instruments

The carrying amounts of certain of the Company's financial instruments including cash and cash equivalents, accounts receivable, prepaid expenses, account payable, accrued expenses, notes payables, and other accrued liabilities approximate fair value because of their short maturities. The Company measures and reports fair value in accordance with ASC 820, "Fair Value Measurements and Disclosure" defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value investments.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (continued)

Fair value, as defined in ASC 820, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset should reflect its highest and best use by market participants, principal (or most advantageous) markets, and an in-use or an in-exchange valuation premise. The fair value of a liability should reflect the risk of nonperformance, which includes, among other things, the Company's credit risk.

Valuation techniques are generally classified into three categories: the market approach; the income approach; and the cost approach. The selection and application of one or more of the techniques may require significant judgment and are primarily dependent upon the characteristics of the asset or liability, and the quality and availability of inputs. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also provides fair value hierarchy for inputs and resulting measurement as follows:

Level 1

Quoted prices (unadjusted) in active markets those are accessible at the measurement date for identical assets or liabilities;

Level 2

Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3

Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair values.

Fair value measurements are required to be disclosed by the Level within the fair value hierarchy in which the fair value measurements in their entirety fall. Fair value measurements using significant unobservable inputs (in Level 3 measurements) are subject to expanded disclosure requirements including a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following: (i) total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings, and a description of where those gains or losses included in earnings are reported in the statement of income

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to shareholders.

Reclassification

Certain prior period amounts have been reclassified to conform to current year presentations.

Recent Accounting Pronouncements

Recent accounting pronouncements that the Company has adopted or that will be required to adopt in the future are summarized below.

**Income Taxes:** In September 2009, the FASB issued ASU 2009-06, Income Taxes (Topic 740), *"Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities"*, which provides implementation guidance on accounting for uncertainty in income taxes, as well as eliminates certain disclosure requirements for nonpublic entities. For entities that are currently applying the standards for accounting for uncertainty in income taxes, this update shall be effective for interim and annual periods ending after September 15, 2009. For those entities that have deferred the application of accounting for uncertainty in income taxes in accordance with paragraph 740-10-65-1(e), this update shall be effective upon adoption of those standards. The adoption of this standard did not have an impact on the Company's financial position and results of operations since this accounting standard update provides only implementation and disclosure amendments.

**Fair Value Measurements:** In September 2009, the FASB has published ASU 2009-12, *"Fair Value Measurements and Disclosures (Topic 820) – Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)"*. This ASU amends Subtopic 820-10, *"Fair Value Measurements and Disclosures – Overall"*, to permit a reporting entity to measure the fair value of certain investments on the basis of the net asset value per share of the investment (or its equivalent). This ASU also requires new disclosures, by major category of investments including the attributes of investments within the scope of this amendment to the Codification. The guidance in this Update is effective for interim and annual periods ending after December 15, 2009. Early application is permitted. The adoption of this standard did not have any impact on the Company's financial position and results of operations.



CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)

**Transfers of Financial Assets:** In December 2009, the FASB has published ASU 2009-16 "*Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets*." ASU 2009-16 is a revision to ASC 860, "*Transfers and Servicing*," and amends the guidance on accounting for transfers of financial assets, including securitization transactions, where entities have continued exposure to risks related to transferred financial assets. ASU 2009-16 also expands the disclosure requirements for such transactions. This ASU will become effective for us on April 1, 2010. The adoption of this standard did not have any impact on the Company's financial position and results of operations.

**Fair Value Measurements:** In January 2010, the FASB has published ASU 2010-06 "*Fair Value Measurements and Disclosures (Topic 820): - Improving Disclosures about Fair Value Measurements*." ASU No. 2010-06 clarifies improve disclosure requirement related to fair value measurements and disclosures – Overall Subtopic (Subtopic 820-10) of the FASB Accounting Standards Codification. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure about purchase, sales, issuances, and settlement in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The amendments in this Update are effective for interim and annual periods ending on or after December 15, 2009, and should be applied on a retrospective basis. The adoption of this standard did not have a material impact on the Company's consolidated financial position and results of operations.

**Allowance for Credit Losses:** In July 2010, the FASB issued ASU No. 2010-20 "*Receivables*" (Topic 310). ASU No. 2010-20 provides financial statement users with greater transparency about an entity's allowance for credit losses and the credit quality of its financing receivables. This update is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. The amendments in this update apply to both public and nonpublic entities with financing receivables, excluding short-term trade accounts receivable or receivables measured at fair value or lower of cost or fair value. The objective of the amendments in ASU No. 2010-20 is for an entity to provide disclosures that facilitate financial statement users' evaluation of (1) the nature of credit risk inherent in the entity's portfolio of financing receivables, (2) How that risk is analyzed and assessed in arriving at the allowance for credit losses and (3) The changes and reasons for those changes in the allowance for credit losses. The entity must provide disclosures about its financing receivables on a disaggregated basis. For public entities ASU No. 2010-20 is effective for interim and annual reporting periods ending on or after December 15, 2010. For nonpublic entities ASU No. 2010-20 will become effective for annual reporting periods ending on or after December 15, 2011. The Company's is currently evaluating the impact on the financial statements of the adoption of ASU No. 2010-20.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)

The Financial Accounting Standards Board (the "FASB") has codified a single source of U.S. Generally Accepted Accounting Principles (GAAP), the Accounting Standards Codification™. Unless needed to clarify a point to readers, we will refrain from citing specific section references when discussing application of accounting principles or addressing new or pending accounting rule changes. There are no recently issued accounting standards that are expected to have a material effect on our financial condition, results of operations or cash flows.

A variety of proposed or otherwise potential accounting standards are currently under study by standard-setting organizations and various regulatory agencies. Because of the tentative and preliminary nature of these proposed standards, management has not determined whether implementation of such proposed standards would be material to the Company's financial statements.

Other ASUs not effective until after December 31, 2010, are not expected to have a significant effect on the Company's financial position or results of operations.

NOTE 3—PURCHASED CONTRACTS – PLEDGED

Purchased contracts for December 31, consisted of the following:

	<u>2010</u>	<u>2009</u>
Contracts Receivable	\$ 9,792,996	\$ 13,784,069
Unearned discount	(228,423)	(336,789)
Net Contract Receivables	<u>\$ 9,564,573</u>	<u>\$ 13,447,280</u>

The sales contracts are purchased from various approved dealers shortly after the dealer has sold and financed the sale of a truck. In most cases, a minimum down payment of 20% is required. The typical term of any contract purchased by the Company is between 24 to 48 months with typically a 30% annual interest rate.

# CONCORDIA FINANCING COMPANY, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

### NOTE 4—NON-PERFORMING CONTRACTS

Non-performing contracts consist of the following as of December 31:

	<u>2010</u>	<u>2009</u>
Reposessed inventory on hand	\$ 1,943,516	\$ 4,147,968
Insurance	80,995	36,095
Litigation	157,906	167,036
Bankruptcy	<u>1,324,319</u>	<u>1,205,942</u>
Balance at end of year	<u>\$ 3,506,736</u>	<u>\$ 5,557,041</u>

### NOTE 5—PROVISION FOR CONTRACT LOSSES

Changes in the provision for possible contract losses as of December 31:

	<u>2010</u>	<u>2009</u>
Balance at beginning of year	\$ 4,977,825	\$ 3,494,926
Additions	2,863,452	6,467,848
Write-off	<u>(4,569,975)</u>	<u>(4,984,949)</u>
Balance at end of year	<u>\$ 3,271,302</u>	<u>\$ 4,977,825</u>

Total non-performing contracts at December 31, 2010 and 2009 were \$3,506,736 and \$5,557,042 respectively. Total reserve for losses is allocated to these contracts at December 31, 2010 and 2009 were \$3,271,302 and \$4,977,852 respectively. The company did not recognize any interest income on non-performing contracts during 2010 and 2009.

### NOTE 6 – NOTES RECEIVABLE – RELATED PARTY

The Company paid for certain costs on behalf of a shareholder of the Company and recorded these costs as notes receivable from the shareholder. These costs were incurred for transactions between the shareholder and a corporation with common ownership by such shareholder. The notes are non-interest bearing, and due upon demand. The balance due to the Company from such shareholder was \$6,807 as of December 31, 2010.



CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 7- FURNITURE AND EQUIPMENT

Furniture and equipment, net at December 31, consist of the following:

	<u>Years</u>	<u>2010</u>	<u>2009</u>
Vehicles	5	\$ 89,269	\$ 41,023
Furniture and equipment	5-7	657,689	652,690
Total furniture and equipment		746,958	693,713
Less: accumulated depreciation		(585,938)	(504,497)
Net furniture and equipment		\$ 161,020	\$ 189,216

The depreciation expense for the years ended December 31, 2010 and 2009 was \$81,441 and \$82,085, respectively.

NOTE 8 -NOTES PAYABLE

The notes payable balance of \$2,447,092 represents unsecured notes bearing an interest rate of 10% to 15%. Interest is payable monthly or added to the principal balance at the investor's option. The notes are typically written for a two-year term. The notes payable also includes those notes held by related parties totaling \$650,591.

During January 2009, the Company commenced an internal review of its operational and financial position and determined that it would halt the accrual and payment of interest on the Investor Portfolio Notes and Note Payable so that the Company can operate successfully to maximize the return of principal to the Investor Portfolio Note holders and Note Payables.

Subsequently, the Company solicited investors to enter into an amendment to the Sales and Servicing Agreement and to the Promissory Note to formally terminate Concordia's liability and obligation to make any interest payments and to commence monthly repayments of principal effective February 1, 2009. The monthly principal repayments are equal to approximately 1% of the principal balance of the underlying obligation as of January 31, 2009.

As of May 31, 2011, 100% of Promissory Note holders have entered into the Amendment to Promissory Note.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 9- INVESTOR PORTFOLIO

Investor portfolio balance of \$22,343,585 represents purchases of contracts, made by private parties, under the Company's sales and servicing agreements. These contracts do not qualify as complete sales for accounting purposes and are therefore treated as secured borrowings. Under the terms of the agreements, the purchasers received a fixed interest rate of 10% to 15% on their purchases. This return is paid monthly and reported as interest expense in the accompanying statement of operations.

During January 2009, the Company commenced an internal review of its operational and financial position and determined that it would halt the accrual and payment of interest on the Investor Portfolio Notes and Note Payable so that the Company can operate successfully to maximize the return of principal to the Investor Portfolio Note holders and Note Payables.

Subsequently, the Company solicited investors to enter into an amendment to the Sales and Servicing Agreement and to the Promissory Note to formally terminate Concordia's liability and obligation to make any interest payments and to commence monthly repayments of principal effective February 1, 2009. The monthly principal repayments are equal to approximately 1% of the principal balance of the underlying obligation as of January 31, 2009. As of May 31, 2011, Investor Portfolio Note holders owning approximately 95.35% principal balance of the underlying obligation have entered into the Amendment to Sales of Contracts and Servicing Agreement.

NOTE 10 – NOTE PAYABLE – OTHER

The Company has an obligation to Citrus Motors Ontario, Inc. bearing interest at 6.90%. The loan is payable in monthly installments of \$558, including interest, and is collateralized by a vehicle Ford Edge 2011.

Loans maturities for each of the five years following December 31, 2010, are as follows:

2011:	\$ 4,956
2012:	5,309
2013:	5,687
2014:	6,092
2015	<u>5,086</u>
	\$ 27,130

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 11 - INCOME TAXES

The provision (benefit) for income taxes from continued operations for the years ended December 31, 2010 and 2009 consist of the following:

	December 31,	
	2010	2009
Current:		
Federal	\$ -	\$ -
State	-	-
Deferred:		
Federal	\$ 1,363,660	\$ 1,503,943
State	353,718	390,144
	<u>1,717,378</u>	<u>1,894,087</u>
Benefit from the operating loss carry forward	-	-
(Benefit) provision for income taxes, net	\$ <u>(1,717,378)</u>	\$ <u>(1,894,087)</u>

The difference between income tax expense computed by applying the federal statutory corporate tax rate and actual income tax expense is as follows:

	December 31,	
	2010	2009
Statutory federal income tax rate	34.0%	34.0%
State income taxes and other	<u>8.9%</u>	<u>8.9%</u>
Effective tax rate	<u>42.9%</u>	<u>42.9%</u>

# CONCORDIA FINANCING COMPANY, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

### NOTE 11 - INCOME TAXES - (Continued)

Deferred income taxes result from temporary differences in the recognition of income and expenses for the financial reporting purposes and for tax purposes. The tax effect of these temporary differences representing deferred tax asset and liabilities result principally from the following:

	December 31,	
	2010	2009
Reserve for contract losses and Net operating loss carry forward	\$ 1,706,263	\$ 1,882,696
Depreciation and amortization	11,115	11,391
Valuation allowance	(1,717,378)	(1,894,087)
Deferred income tax asset	\$ -	\$ -

The Company has a net operating loss carry forward of approximately \$6,000,000 available to offset future taxable income through 2020. There was a 100% valuation allowance at December 31, 2010 and 2009.

### NOTE 12 - CONTINGENCIES AND COMMITMENTS

#### Lease Commitments

The Company possesses premises under a non-cancelable operating lease expiring on October 31, 2011 and entered into a new non non-cancelable operating lease expiring on December 31, 2016. At December 31, 2010, the approximate future minimum rental commitments under this lease are as follows:

2011:	\$271,934
2012:	99,492
2013:	101,400
2014:	87,960
2015	<u>108,720</u>
	\$ 669,506

Total rental payments under the lease agreement amounted to \$275,880 and \$288,989 for the years ended in December 31, 2010 and 2009 respectively.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated all activities of the Company through the issuance date of the Company's financial statements and concluded that no subsequent events have occurred that would require adjustments or disclosures in the financial statements.

Asserted Claims

The company is a defendant in a lawsuit filed by GRE Empire Towers LP, a Delaware limited partnership (GRE) for a San Bernardino County Superior Court for breach of contract regarding a lease agreement for office space. The suit asks for damages totaling \$250,000. Outside counsel for the company has advised that at this stage in the proceedings he cannot offer an opinion as to the probable outcome. On May 23, 2011, the company received a settlement communication from GRE's counsel for a total amount of \$200,000. The company has not accepted this proposal, however, management believes the suit will reach settlement or be litigated during the third quarter of 2011. The Company cannot predict the ultimate outcome of this matter and the impact on its future financial condition or results of operations.

**CONCORDIA FINANCE  
STATEMENT OF EARNINGS**

**FISCAL YEAR ENDEING DECEMBER 31, 2008  
PRELIMINARY & UNAUDITED**

**CONFIDENTIAL**

**FISCAL YEAR ENDED  
12/31/08**

**REVENUE**

CONTRACT INTEREST	6,477,497
CONTRACT FEES (NON-CASH)	186,500
DISCOUNT EARNED (NON-CASH)	701,536
MISCELLANEOUS INCOME	165,015
<b>TOTAL REVENUE</b>	<b>7,530,548</b>

**COST OF OPERATIONS**

INTEREST PAID, NOTES PAYABLE	3,625,021
CHINO BANK	1,000
ERF	636,494
WANZEK	101,875
FINDER FEES	78,500
SUNSET	9,036
<b>TOTAL COST OF MONEY</b>	<b>4,451,926</b>

**GROSS PROFIT**

**3,078,622**

**COST OF OPERATIONS**

OFFICE EXPENSES	320,421
TOTAL TEMP HELP	23,578
PAYROLL	1,411,827
COST OF RECOVERY	664,274
<b>TOTAL COST OF OPERATIONS</b>	<b>2,420,100</b>

**GENERAL AND ADMINISTRATIVE EXPENSES**

GENERAL AND ADMINISTRATION	315,781
TAXES	5,237
INSURANCE	29,522
PROFESSIONAL SERVICES	472,659
DEPRECIATION EXPENSE	98,159
BAD DEBTS	3,666,233
OTHER	30,208
<b>TOTAL GENERAL AND ADMINISTRATION</b>	<b>4,617,801</b>

**TOTAL GENERAL AND ADMINISTRATION**

INTEREST INCOME	33,231
<b>EARNINGS BEFORE TAXES</b>	<b>(3,926,048)</b>
GAIN/(LOSS) ON SALE OF ASSET	(10,799)
PROVISION FOR TAXES - FEDERAL	(1,337,198)
PROVISION FOR TAXES - STATE	(346,872)
<b>NET PROFIT (LOSS)</b>	<b>(2,252,777)</b>

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**CONCORDIA FINANCING CO., LTD.**  
**BALANCE SHEET**

FISCAL YEAR ENDEING DECEMBER 31, 2011  
PRELIMINARY & UNAUDITED

**CONFIDENTIAL INFORMATION**

	FISCAL YEAR ENDED <u>12/31/11</u>
ASSETS	
TOTAL CASH	224,365
PURCHASED CONTRACTS (LOAN PORTFOLIO)	
PLFEDGED PURCHASED CONTRACTS, NET	6,407,956
NON PERFORMING ACCOUNTS	1,438,096
LESS: PROVISION FOR LOSSES	<u>(1,433,113)</u>
NET PURCHASED CONTRACTS:	6,412,940
ACCRUED INTEREST RECEIVABLE	228,031
DEFERRED TAX ASSET	7,705,244
TOTAL OTHER CURRENT ASSETS	173,649
PROPERTY PLANT AND EQUIPMENT, NET	91,418
TOTAL ASSETS	<u><u>14,835,647</u></u>
CURRENT LIABILITIES	
TOTAL ACCOUNTS PAYABLE	35,456
NOTES PAYABLE	1,996,393
INVESTOR PORTFOLIO (SECURED NOTES)	<u>19,116,689</u>
TOTAL LONG TERM LIABILITIES	21,113,082
TOTAL LIABILITIES	21,148,539
STOCK HOLDERS EQUITY	
COMMON STOCK	420,112
RETAINED EARNINGS	(6,736,757)
PROFIT (LOSS) FOR PERIOD	<u>3,754</u>
TOTAL STOCK HOLDERS EQUITY	<u>(6,312,891)</u>
TOTAL STOCK HOLDERS EQUITY AND LIABILITIES	<u><u>14,835,647</u></u>

CONCORDIA FINANCING CO., LTD.  
INCOME STATEMENT

11 Months Ending November 30, 2012

PRELIMINARY & UNAUDITED

CONFIDENTIAL INFORMATION

	11 MONTH ENDED <u>11/30/12</u>
<b>REVENUE</b>	
CONTRACT INTEREST	1,256,632
CONTRACT FEES (NON-CASH)	25,000
DISCOUNT EARNED (NON-CASH)	138,301
MISCELLANEOUS INCOME	41,297
<b>TOTAL REVENUE</b>	<u><b>1,461,229</b></u>
 <b>COST OF OPERATIONS</b>	
TOTAL OFFICE EXPENSES	103,001
TOTAL PAYROLL	511,216
TOTAL COST OF RECOVERY	72,572
<b>TOTAL COST OF OPERATIONS</b>	<u><b>686,790</b></u>
 <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	
<b>TOTAL GENERAL AND ADMINISTRATION</b>	<b>230,923</b>
 PERSONAL PROPERTY TAX	1,800
LICENSE FEES	1,910
<b>TOTAL TAXES</b>	<u><b>3,710</b></u>
 <b>INSURANCE</b>	
GENERAL LIABILITY INSURANCE	3,082
OTHER INSURANCE	13,600
<b>TOTAL INSURANCE</b>	<u><b>16,682</b></u>
 <b>PROFESSIONAL SERVICES</b>	
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>275,782</b>
 TOTAL DEPRECIATION EXPENSES	<u>35,575</u>
 TOTAL OTHER G & A EXPENSES	69,660
 <b>TOTAL GENERAL AND ADMINISTRATION</b>	<u><b>632,333</b></u>
 INTEREST INCOME	338
 <b>EARNINGS BEFORE TAXES</b>	<u><b>142,445</b></u>
 PROVISION FOR TAXES - FEDERAL	48,431
PROVISION FOR TAXES - STATE	13,402
<b>NET PROFIT (LOSS)</b>	<u><u><b>80,611</b></u></u>

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**CONCORDIA FINANCING CO., LTD.**  
**STATEMENT OF EARNINGS**

FISCAL YEAR ENDEING DECEMBER 31, 2013

PRELIMINARY & UNAUDITED

**CONFIDENTIAL INI**

FISCAL YEAR ENDED

12/31/13

**REVENUE**

CONTRACT INTEREST	1,018,884
CONTRACT FEES (NON-CASH)	32,500
DISCOUNT EARNED (NON-CASH)	124,561
MISCELLANEOUS INCOME	26,343
<b>TOTAL REVENUE</b>	<b>1,202,287</b>

**COST OF OPERATIONS**

OFFICE EXPENSES	128,768
PAYROLL	496,019
COST OF RECOVERY	29,356
<b>COST OF OPERATIONS</b>	<b>654,144</b>

**GENERAL AND ADMINISTRATIVE EXPENSES**

GENERAL AND ADMINISTRATION	191,354
TAXES	3,147
INSURANCE	7,002
PROFESSIONAL SERVICES	344,269
DEPRECIATION EXPENSE	34,100
BAD DEBTS	58,594
OTHER	6,982
<b>TOTAL GENERAL AND ADMINISTRATION</b>	<b>645,448</b>

**INTEREST INCOME** 407

**EARNINGS BEFORE TAXES** (96,898)

**GAIN ON EXTINGUISHMENT OF DEBT** (64,376)

**PROVISION FOR TAXES - FEDERAL** (32,945)

**PROVISION FOR TAXES - STATE** (8,435)

**NET PROFIT (LOSS)** (119,893)

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**Vavrinek, Trine, Day & Co., LLP**  
Certified Public Accountants & Consultants

VALUE THE DIFFERENCE

### **INDEPENDENT AUDITORS' REPORT**

Board of Directors and Shareholders  
Concordia Financing Company, LTD

We have audited the accompanying balance sheets of Concordia Financing Company, LTD as of December 31, 2001 and 2000, and the related statements of operations, changes in stockholders' equity, and cash flows for the two years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concordia Financing Company, LTD as of December 31, 2001 and 2000, and the results of its operations, and its cash flows for the two years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Vavrinek, Trine, Day & Co., LLP*

Laguna Hills, California  
August 1, 2002

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CONCORDIA FINANCING COMPANY, LTD

BALANCE SHEET  
December 31, 2001 and 2000

	2001	2000
<b>Assets</b>		
Cash, Non-Interest Bearing	\$ 667,851	\$ 271,702
Purchased Contracts - Pledged	(150) 6,660,576	5,520,809
Purchased Contracts - Impaired	784,484	666,581
Less Unamortized Discounts	( 221,244)	( 177,781)
Less Allowance for Losses	375 400 ( 414,691)	( 328,759)
<b>Net Purchased Contracts</b>	<b>6,809,125</b>	<b>5,680,850</b>
Due from Related Parties		227,197
Furniture, Fixture and Equipment, net of Accumulated Depreciation of \$65,482 in 2001 and \$37,209 in 2000	100,845	98,975
Other Assets	318,788	52,418
<b>Total Assets</b>	<b>\$ 7,896,609</b>	<b>\$ 6,331,142</b>
<b>Liabilities and Stockholders' Equity</b>		
Accounts Payable and Accrued Expenses	\$ 92,468	\$ 172,970
Notes Payable - Banks	21,792	89,786
Notes Payable - Stockholders	24,895	33,572
Notes Payable - Private Parties	626,895	599,860
Secured Borrowings Under Sales Contracts	7,107,011	5,142,817
<b>Total Liabilities</b>	<b>7,873,061</b>	<b>6,039,005</b>
Commitments - Note 5	-	-
<b>Stockholders' Equity</b>		
Preferred Stock - No Par Value; Authorized 10,000,000 Shares	-	-
Common Stock - No Par Value; Authorized 10,000,000 Shares; Issued and Outstanding, 937,200 Shares at 2001, 935,200 at 2000	460,362	456,362
Less Note Receivable for Stock Purchases	-	( 78,000)
Retained Earnings (Deficit)	( 436,814)	( 86,225)
<b>Total Stockholders' Equity</b>	<b>23,548</b>	<b>292,137</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 7,896,609</b>	<b>\$ 6,331,142</b>

The accompanying notes are an integral part of these financial statements.

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**CONCORDIA FINANCING COMPANY, LTD**

**STATEMENTS OF OPERATIONS**  
For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
<b>Interest Income</b>		
Contract Interest, Fees and Discounts	\$ 2,063,227	\$ 1,341,177
Interest - Other	26,203	36,628
<b>Total Interest Income</b>	<u>2,089,430</u>	<u>1,377,805</u>
<b>Interest Expense</b>		
Interest Expense - Notes Payable and Secured Borrowings	887,402	600,998
Interest Expense - Stockholders	3,610	4,274
Interest - Other	2,617	19,065
<b>Total Interest Expense</b>	<u>893,629</u>	<u>624,337</u>
<b>Net Interest Income</b>	1,195,801	753,468
<b>Provision for Contract Losses</b>	<u>358,252</u>	<u>236,271</u>
<b>Net Interest Income After Provision for Contract Losses</b>	837,549	517,197
<b>Other Expenses</b>		
Salaries and Employee Benefits	374,123	301,175
Custodian Expenses	184,236	113,585
Rent	57,130	38,880
Office Expenses	45,191	34,074
Professional Services	92,291	27,533
Depreciation	28,273	23,618
Advertising and Business Promotion Expense	21,189	10,291
Other	84,639	54,037
	<u>887,072</u>	<u>603,193</u>
<b>Loss Before Income Taxes</b>	( 49,523)	( 85,996)
<b>Income Taxes</b>	<u>800</u>	<u>800</u>
<b>Net Loss</b>	<u><u>\$ ( 50,323)</u></u>	<u><u>\$ ( 86,796)</u></u>

The accompanying notes are an integral part of these financial statements.

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CONCORDIA FINANCING COMPANY, LTD

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
For the Years Ended December 31, 2001 and 2000

	Shares	Common Stock	Stock Receivable	Retained Earnings (Deficit)	Total Equity
<b>Balance, January 1, 2000</b>	761,000	\$ 107,952	\$ -	\$ 571	\$ 108,523
Stock Purchase	174,200	348,410	( 78,000)		270,410
Net Loss				( 86,796)	( 86,796)
<b>Balance, December 31, 2000</b>	935,200	456,362	( 78,000)	( 86,225)	292,137
Stock Purchase	2,000	4,000	78,000		82,000
Related Party Transaction - Note 4				( 300,266)	( 300,266)
Net Loss				( 50,323)	( 50,323)
<b>Balance, December 31, 2001</b>	<u>937,200</u>	<u>\$ 460,362</u>	<u>\$ -</u>	<u>\$( 436,814)</u>	<u>\$ 23,548</u>

The accompanying notes are an integral part of these financial statements.

C000088

**CONCORDIA FINANCING COMPANY, LTD**

**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2001 and 2000

	2001	2000
<b>Cash Flows From Operating Activities</b>		
Net Loss	\$( 50,323)	\$( 86,796)
Adjustments to Reconcile Net Loss to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	30,464	23,618
Provision for Contract Losses	358,252	236,271
Deferred Income Taxes	7,588	4,624
Change in Other Assets and Liabilities	( 504,160)	( 84,601)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>( 158,179)</b>	<b>93,116</b>
<b>Cash Flows From Investing Activities</b>		
Net Increase in Purchased Contracts	( 1,412,087)	( 2,731,428)
Expenditures For Bank Premises and Equipment	( 30,143)	( 65,554)
<b>Net Cash Used in Investing Activities</b>	<b>( 1,442,230)</b>	<b>( 2,796,982)</b>
<b>Cash Flows From Financing Activities</b>		
Net change in Notes Payable	( 49,636)	( 142,561)
Increase in Borrowings	1,964,194	2,314,822
Issuance of Common Stock	82,000	270,400
<b>Net Cash Provided by Financing Activities</b>	<b>1,996,558</b>	<b>2,442,661</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>396,149</b>	<b>( 261,205)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>271,702</b>	<b>532,907</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 667,851</b>	<b>\$ 271,702</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Interest Payments	\$ 882,507	\$ 577,550
Income Tax Payments	\$ 8,388	\$ 5,424

The accompanying notes are an integral part of these financial statements.

C000089

CONCORDIA FINANCING COMPANY, LTD.

FINANCIAL STATEMENTS

December 31, 2003 and 2002

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# **JEWETT, SCHWARTZ & ASSOCIATES**

## **CERTIFIED PUBLIC ACCOUNTANTS**

CHARLES E. JEWETT, C.P.A.  
PARTNER

MICHAEL A. SCHWARTZ, C.P.A.  
PARTNER

LAWRENCE H. WOLFE, C.P.A.  
PARTNER

DAVID A. ZINN, C.P.A.

### REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Shareholders of  
Concordia Financing Company, Ltd

We have audited the accompanying balance sheets of Concordia Financing Company, Ltd (the "Company") as of December 31, 2003 and 2002 and the related statements of operations, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concordia Financing Company, Ltd as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Jewett Schwartz & Associates, C.P.A.s*

Hollywood, Florida  
October 19, 2005



CONCORDIA FINANCING COMPANY LTD.

BALANCE SHEET

As of December 31, 2003 and 2002

	2003	2002
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,517,496	\$ 974,637
<b>PURCHASED CONTRACTS</b>		
Purchased contracts-pledged	15,167,059	11,193,626
Purchased contracts-impaired	1,380,128	324,489
Less allowance for purchased contract losses	(1,363,629)	(703,169)
<b>NET PURCHASED CONTRACTS</b>	<b>15,183,558</b>	<b>10,814,946</b>
<b>FURNITURE AND EQUIPMENT, NET</b>	<b>90,115</b>	<b>95,373</b>
<b>OTHER ASSETS:</b>		
Long term investments	218,203	206,500
Security Deposits	179,307	299,577
<b>TOTAL OTHER ASSETS</b>	<b>397,510</b>	<b>506,077</b>
<b>TOTAL ASSETS</b>	<b>\$ 17,188,679</b>	<b>\$ 12,391,033</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 192,602	\$ 129,309
Notes payable	1,174,213	957,618
Investor Portfolio	15,707,354	11,296,613
<b>TOTAL LIABILITIES</b>	<b>17,074,169</b>	<b>12,383,540</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock; no par value; 10,000,000 shares authorized	-	-
Common stock; no par value; 10,000,000 authorized;		
Issued and outstanding 1,017,200 shares at 2003 and 937,200 shares at 2002	490,362	460,362
Accumulated deficit	(375,852)	(452,869)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>114,510</b>	<b>7,493</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 17,188,679</b>	<b>\$ 12,391,033</b>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY LTD.

STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Contract interest, fees and discounts	\$ 3,948,026	\$ 2,794,368
Interest expense - note payable and contract inventory	<u>1,709,633</u>	<u>1,226,505</u>
NET INTEREST INCOME	<u>2,238,393</u>	<u>1,567,863</u>
Provision for contract losses	<u>712,377</u>	<u>483,740</u>
NET INTEREST INCOME AFTER PROVISION FOR CONTRACT LOSSES	<u>1,526,016</u>	<u>1,084,123</u>
OTHER EXPENSES		
Salaries and employee benefits	601,736	480,490
Custodian expenses	404,573	311,409
Rent	65,887	53,614
Office expenses	87,062	80,018
Professional fees	104,847	112,948
Depreciation and amortization	44,876	32,933
Other	<u>104,024</u>	<u>28,766</u>
TOTAL OPERATING EXPENSES	<u>1,413,005</u>	<u>1,100,178</u>
INCOME BEFORE INCOME TAXES	113,011	(16,055)
Income taxes	<u>35,994</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ 77,017</u>	<u>\$ (16,055)</u>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY LTD.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2003 and 2002

	10,000,000 Authorized Common Stock and Additional Paid-in Capital		Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount		
BALANCE AT DECEMBER 31, 2001	937,200	\$ 460,362	\$ (436,814)	\$ 23,548
Net Loss	-	-	(16,055)	(16,055)
BALANCE AT DECEMBER 31, 2002	937,200	\$ 460,362	\$ (452,869)	\$ 7,493
Share adjustment	50,000	-	-	-
Stock purchase	30,000	30,000	-	30,000
Net Profit	-	-	77,017	77,017
BALANCE AT DECEMBER 31, 2003	1,017,200	\$ 490,362	\$ (375,852)	\$ 114,510

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY LTD.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31,

	<u>2003</u>	<u>2002</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 77,017	\$ (16,055)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	44,876	32,933
Provision for contract losses	660,460	288,478
Changes in other assets and liabilities	<u>171,860</u>	<u>(148,118)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>954,213</u>	<u>157,238</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Increase in purchased contracts	(5,029,072)	(4,294,299)
Expenditures for bank premises and equipment	<u>(39,618)</u>	<u>(29,791)</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(5,068,690)</u>	<u>(4,324,090)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Net change in notes payable	216,595	284,036
Net change in issuance of common stock	30,000	-
Increase in borrowings	<u>4,410,741</u>	<u>4,189,602</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>4,657,336</u>	<u>4,473,638</u>
Net increase in cash and cash equivalents	542,859	306,786
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>974,637</u>	<u>667,851</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 1,517,496</u>	<u>\$ 974,637</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 1,709,633</u>	<u>\$ 117,783</u>
Cash paid for taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

## CONCORDIA FINANCING STATEMENT, LTD

### NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

#### NOTE 1 – NATURE OF BUSINESS

Concordia Financing Company, LTD (Company) was incorporated in California on April 19, 1994 and has been organized and operates as a single operating segment. The Company is located in Ontario, California and is in the business of buying commercial truck sales contracts from licensed dealers. The Company's primary source of revenue is the contractual interest, contract fees and discount earned from these sales contracts.

#### NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes that the estimates and related assumptions used in the preparation of these financial statements are appropriate, actual results could differ from those estimates. Estimates are made principally in the assessment of collectivity of receivables, of estimated residual values of leased equipment and the depreciable lives of such assets.

##### Revenue Recognition

Revenue from contract interest, fees and discounts is recognized over the term of the contract on the accrual basis.

##### Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At December 31, 2003 and 2002, cash and cash equivalents include cash on hand and cash in the bank.

##### Purchased Contracts-Pledged

Purchased contracts are contracts that management has the intent and ability to hold until maturity or payoff that are reported at their outstanding unpaid principal balance, reduced by any charge-off and net of any amortized premiums or discounts on purchased contracts.

Sales contract purchase discounts and origination fees are capitalized and recognized as an adjustment of the yield on the related loan using the effective interest method over the term of the contracts.

CONCORDIA FINANCING STATEMENT, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Purchased Contracts-Impaired

Purchase contracts are classified as impaired by management generally when the contracts are contractually past due 90 days. Impaired purchase contracts are reported net of any-unamortized discounts. Collateral securing impaired contracts is repossessed by the Company and sold. Deficiency balances are turned over to a collections attorney for further collections efforts.

Non-performing Purchased Contracts

A contract is generally placed on non-accrual status at the earlier of (i) the contract becoming past due 90 days as to either principal or interest or (ii) when the truck owner has entered bankruptcy proceedings and the contract is delinquent. Exceptions to placing 90-day past due contract on non-accrual may be made if there exists an abundance of collateral and the contract is in the process of collection. Contracts are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. When a contract is placed on non-accrual status, interest accrued but not received is reversed against interest income. A non-accrual contract may be restored to accrual status when delinquent loan payments are collected and the contract is expected to perform in the future according to its contractual terms. Interest income on performing impaired contract is recognized on the accrual basis.

Allowances for Contract Losses

An allowance for contract losses is maintained at a level considered adequate, in management's judgment, to absorb future inherent losses in the contract portfolio. The evaluation of the adequacy of the allowance takes into consideration several factors including but not exclusively, current economic conditions, historical contract loss experience, and factors affecting collectibility on specific borrowers based upon regular contract reviews.

Furniture, Fixtures, and Equipment

Furniture, fixtures and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimate useful life, which ranges from five to seven years. Expenditures for betterments or major repairs are capitalized and those for ordinary repairs and maintenance are charged to operations as incurred.

CONCORDIA FINANCING STATEMENT, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Contract Inventory

The Company funds its contract inventory through its internal reinvestment and from proceeds from the sale of these to investors. The company purchases contracts from various dealers and places them into specific pools which are sold to investors. As stipulated in the sales and servicing agreement, Concordia services those contracts.

Concordia guarantees the return on the investment and the quality of the contracts sold. The sales and service agreement also include a provision whereby the Company has first right of refusal to buy back the contract at 95% of the existing principal balance. Under Statement of Financial Accounting Standards (SFAS) no. 140 "Accounting for Transfer and Servicing of Financial Assets and Extinguishment of Liabilities," this provision does not satisfy the requirements for a complete sale and therefore these contracts are carried as a contingent liability by Concordia.

In most cases, the agreements designate a third party (custodian) who holds the titles and contracts. Custodian fees are paid to these parties based on the sales and servicing contract.

Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between financial statement and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Recognition of deferred tax assets is limited to amounts considered by management to be more likely than not realized in future periods.

Concentration of Credit Risk

The Company maintains cash balances in two financial institutions, which exceed federally insured limits. The Company has not experienced any losses in such accounts.

Current Accounting Pronouncement

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 142 "*Accounting for Goodwill and Other Intangible assets*" effective starting with fiscal years beginning after December 15, 2001. This statement establishes new accounting standards for goodwill and continues to require the recognition of goodwill as an asset but does not permit amortization of goodwill as previously required by the Accounting Principles Board (APB) Option No. 17. The Statement also establishes a new method of testing goodwill for impairment. It requires goodwill to separately test for impairment at a reporting unit level. The amount of goodwill determined to be impaired would be expensed to current

# CONCORDIA FINANCING STATEMENT, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

operations. Management believes that the adoption of the statement will not have a material effect on the Company's financial statements.

### NOTE 3—PURCHASED CONTRACTS – PLEDGED

Purchased contracts for December 31, consisted of the following:

	2003	2002
Contracts receivable, gross	\$ 20,944,898	\$ 15,193,083
Unearned interest	<u>(5,777,839)</u>	<u>(3,999,457)</u>
Principal portion of purchased contracts	<u>\$ 15,167,059</u>	<u>\$ 11,193,626</u>

The sales contracts are purchased from various approved dealers on the West Coast shortly after the dealer has sold and financed the sale of a truck. In most cases, a down payment of 20% is required. The typical term of any contract purchased by the Company is three years with the maximum being four years. The effective interest rate on these contracts is 30% per year.

### NOTE 4—ALLOWANCE FOR CONTRACT LOSSES

Changes in the allowance for possible contract losses as of December 31:

	2003	2002
Balance at beginning of year	\$ 703,169	\$ 414,691
Provisions charged to operating expense	660,460	384,269
Net Charge-offs	<u>-0-</u>	<u>(95,791)</u>
Balance at end of year	<u>\$ 1,363,629</u>	<u>\$ 703,169</u>

Total impaired contracts at December 31, 2003 and 2002 were \$1,810,640 and \$621,880 respectively. Total allowance for losses allocated to impaired contracts at December 31, 2003 and 2002 were \$1,363,629 and \$703,169 respectively. Impaired contracts averaged approximately \$1,216,260 and \$1,406,364 for 2003 and 2002. The company did not recognize any interest income on impaired contracts during 2003 and 2002.



# CONCORDIA FINANCING STATEMENT, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

### NOTE 5 – FURNITURE AND EQUIPMENT

Furniture, fixtures and equipment at December 31, consist of the following:

	Years	2003	2002
Vehicles	5	\$ 72,194	\$ 72,194
Furniture and equipment	5-7	<u>162,635</u>	<u>123,922</u>
		234,829	196,116
Less: accumulated depreciation		<u>(144,714)</u>	<u>(100,743)</u>
		\$ 90,115	\$ 95,373

The Company possesses premises under a no cancelable operating lease expiring on May 31, 2005. At December 31, 2003, the approximate future minimum rental commitments under this lease are as follows:

<u>Year</u>	<u>Amount</u>
2004	\$ 60,950
2005	25,750
2006 and thereafter	-0-

Total rental payments under the lease agreement amounted to \$65,887 and \$53,614 for the years ended in December 31, 2003 and 2002 respectively.

### NOTE 6 – NOTES PAYABLE – PRIVATE PARTIES

The notes- private parties' balance represents unsecured notes bearing interest at 15%. Interest is payable monthly or added to the principal balance at the investor's option. The notes are typically written for a two-year term. At December 31, 2003, all note holders have expressed intent to roll outstanding balances into new notes at maturity.

The aggregate amount of principal payments on notes payable at December 31, 2003 as follows:

<u>Year</u>	<u>Amount</u>
2002	\$ 477,311
2003	<u>510,311</u>
	\$ 987,622

CONCORDIA FINANCING STATEMENT, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE 7- CONTRACT INVENTORY

Contract Inventory under sales contracts represent a conditional sale of contracts made to private parties under the Company's sales and servicing agreement. As discussed in Note 1, these contracts do not qualify as complete sales for accounting purposes and are therefore treated as secured, conditional sale. Under the terms of the agreements, the purchasers receive a fixed return of 10% to 12% in their purchases.

NOTE 8- INCOME TAXES

The provisions for income tax years ended December 31, 2003 are as follows:

Current	\$ 800
Deferred	800

The provision for income taxes for 2003 reflects the minimum California franchise tax. Tax benefits related to the operating losses incurred were not recognized since their realizations are dependent on future income of the Company.

The following is a summary of the components of the net deferred tax assets included in other assets on the balance sheet:

	2003
Deferred tax assets:	
Allowance for contract losses	\$ 1,713
Other items	<u>-0-</u>
	\$ 1,713
Valuation allowance	(1,713)
Deferred tax liability – other items	<u>-0-</u>
Net deferred taxes	<u>\$ -0-</u>

The valuation allowance was established because it is possible that the net deferred tax assets will not be fully recognized in the near future.

CONCORDIA FINANCING STATEMENT, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

NOTE 9- SHAREHOLDERS' EQUITY

On August 30, 2000, the Company executed a one thousand (1,000) to one (1) split of currently owned shares. The stock split increased authorized shares to one million (1,000,000) shares of stock authorized.

On October 18, 2000, the Company authorized an additional 9,000,000 shares of common stock resulting in a total of 10,000,000 authorized shares of common stock. In addition, the Company authorized 10,000,000 shares of preferred stock.

CONCORDIA FINANCING COMPANY, LTD.

FINANCIAL STATEMENTS

December 31, 2005 and 2004

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**JEWETT, SCHWARTZ & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

CHARLES L. JEWETT, C.P.A.  
PARTNER

MICHAEL A. SCHWARTZ, C.P.A.  
PARTNER

LAWRENCE H. WOLFE, C.P.A.  
PARTNER

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors and Shareholders of  
Concordia Financing Company, Ltd

We have audited the accompanying balance sheets of Concordia Financing Company, Ltd (the "Company") as of December 31, 2005 and 2004 and the related statements of operations, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concordia Financing Company, Ltd as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Hollywood, Florida  
February 15, 2006

CONCORDIA FINANCING COMPANY, LTD.

BALANCE SHEETS

December 31,

	2005	2004
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,885,779	\$ 2,611,171
Purchased contracts		
Pledged purchased contracts, net	22,844,646	19,486,648
Non-performing purchased contracts	4,159,676	2,495,222
Less allowance for purchased contract losses	<u>(2,459,796)</u>	<u>(1,868,533)</u>
Net purchased contracts	<u>24,544,526</u>	<u>20,113,337</u>
Accrued interest receivable	232,140	243,717
Notes receivable, related party	53,479	65,727
Furniture and Equipment, net	81,029	114,877
Deferred income taxes	1,057,370	803,240
Other assets:		
Marketable securities - available-for-sale	125,702	132,112
Other assets	<u>43,732</u>	<u>27,027</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 28,023,757</u></b>	<b><u>\$ 24,111,208</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 1,228,318	\$ 564,949
Notes payable	1,703,460	1,617,140
Investor Portfolio	<u>22,365,980</u>	<u>20,262,536</u>
<b>TOTAL LIABILITIES</b>	<b><u>25,297,758</u></b>	<b><u>22,444,625</u></b>
Commitments and Contingencies		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock; no par value; 10,000,000 shares authorized	-	-
Common stock; no par value; 10,000,000 shares authorized; issued and outstanding 1,017,200 shares at 2005 and 2004	490,362	490,362
Retained earnings	<u>2,235,637</u>	<u>1,176,221</u>
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b><u>2,725,999</u></b>	<b><u>1,666,583</u></b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b><u>\$ 28,023,757</u></b>	<b><u>\$ 24,111,208</u></b>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY, LTD.

STATEMENT OF OPERATIONS

For the Years Ended December 31, 2005 and 2004

	2005	2004
Contract interest, fees and discounts	\$ 7,114,985	\$ 5,963,114
Interest expense - note payable and contract inventory	2,753,372	2,373,304
NET INTEREST INCOME	4,361,613	3,589,810
Provision for contract losses	591,263	504,904
NET INTEREST INCOME AFTER PROVISION FOR CONTRACT LOSSES	3,770,350	3,084,906
OTHER EXPENSES		
Salaries and employee benefits	1,009,916	755,685
Custodian expenses	627,214	670,795
Rent	72,037	69,994
Office expenses	230,098	172,126
Professional fees	214,717	186,311
Depreciation and amortization	51,472	49,865
Other	131,091	76,159
TOTAL OPERATING EXPENSES	2,336,545	1,980,935
INCOME BEFORE INCOME TAXES	1,433,805	1,103,971
Provision (benefit) for Income taxes	367,979	(3,948)
NET INCOME	\$ 1,065,826	\$ 1,107,919
OTHER COMPREHENSIVE INCOME		
Unrealized loss on marketable securities available-for-sale	(6,410)	(39,711)
TOTAL OTHER COMPREHENSIVE INCOME	\$ 1,059,416	\$ 1,068,208

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY, LTD.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2005 and 2004

	10,000,000 Authorized Common Stock and Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total
	Shares	Amount		
BALANCE AT DECEMBER 31, 2003	1,017,200	490,362	164,442	598,375
Unrealized losses on marketable securities			(56,429)	
Net income			(39,711)	(39,711)
BALANCE AT DECEMBER 31, 2004	1,017,200	\$ 490,362	\$ 1,272,361	\$ 1,666,583
Unrealized losses on marketable securities			(6,410)	(6,410)
Net income			1,065,826	1,065,826
BALANCE AT DECEMBER 31, 2005	1,017,200	\$ 490,362	\$ 2,338,187	\$ 2,725,999

The accompanying notes are an integral part of these financial statements.



CONCORDIA FINANCING COMPANY, LTD.

STATEMENT OF CASH FLOWS

For the Years Ended December 31,

	2005	2004
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 1,059,416	\$ 1,068,208
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	51,471	49,865
Provision for contract losses	591,263	504,904
Unearned interest on purchased contract	3,440,128	4,043,118
Non-performing purchased contracts	(1,664,454)	(1,115,094)
Transfer of purchased contracts to inventory	2,267,238	1,164,267
Purchased contract modifications	(111,692)	(141,938)
Amortization of unearned discount	58,741	430,511
Unrealized loss on marketable securities	6,410	39,711
Deferred income taxes	(254,130)	(319,375)
Changes in assets and liabilities:		
Accrued Interest	11,577	(111,980)
Other assets	(16,705)	29,147
Notes receivable - related party	12,248	(27,951)
Furniture and equipment	(17,623)	(74,627)
Accounts payable and accrued expense	1,373,608	1,103,772
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>6,807,496</b>	<b>6,642,538</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Contracts purchased	(26,991,183)	(23,833,450)
Principal payments of purchased contracts	17,978,770	14,017,903
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(9,012,413)</b>	<b>(9,815,547)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	50,000	371,444
Repayment of notes payable	(11,500)	(40,000)
Proceeds from secured borrowings	2,775,392	4,678,735
Repayment of secured borrowings	(1,334,367)	(743,495)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>1,479,525</b>	<b>4,266,684</b>
Net (decrease) increase in cash and cash equivalents	(725,392)	1,093,675
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>2,611,171</b>	<b>1,517,496</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 1,885,779</b>	<b>\$ 2,611,171</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 2,753,372	\$ 2,373,304
Cash paid for taxes	\$ -	\$ 34,280

The accompanying notes are an integral part of these financial statements.

## CONCORDIA FINANCING STATEMENT, LTD

### NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

#### NOTE 1 – NATURE OF BUSINESS

Concordia Financing Company, LTD (Company) was incorporated in California on April 19, 1994 and has been organized and operates as a single operating segment. The Company is located in Ontario, California and is in the business of buying commercial truck sales contracts from licensed dealers. The Company's primary source of revenue is the contractual interest, contract fees and discount earned from these sales contracts.

#### NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes that the estimates and related assumptions used in the preparation of these financial statements are appropriate, actual results could differ from those estimates. Estimates are made principally in the assessment of collectivity of receivables, of estimated residual values of leased equipment and the depreciable lives of such assets.

##### Reclassification

Certain prior period amounts have been reclassified to conform to current year presentations.

##### Revenue Recognition

Revenue from contract interest, fees and discounts is recognized over the term of the contract on the accrual basis.

##### Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At December 31, 2005 and 2004, cash and cash equivalents include cash on hand and cash in the bank.

# CONCORDIA FINANCING STATEMENT, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

### NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continue)

#### Marketable Securities Available-For-Sale

In order for the Company to optimize its return on the equity funds it has raised, it invested in certain liquid marketable securities. The Company classifies these marketable securities as available-for-sale. These securities are recorded at fair market value, with unrealized gains or losses excluded from earnings and included in other comprehensive income within stockholders' equity. Realized gains and losses on the sale of these securities are determined using the specific-identification method.

The restricted available-for-sale securities are compromised of the following at December 31, 2005. The gross unrealized loss is included in accumulated other comprehensive income:

	<u>Amortized Cost</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Equity Securities	\$ 132,112	(\$ 6,410)	\$ 125,702

The Company had no sale of investments and therefore, realized no gain or loss for the year ended December 31, 2005.

#### Purchased Contracts-Pledged

Purchased contracts are contracts that management has the intent and ability to hold until maturity or payoff that are reported at their outstanding unpaid principal balance, reduced by any charge-off and net of any amortized premiums or discounts on purchased contracts.

Sales contract purchase discounts and origination fees are capitalized and recognized as an adjustment of the yield on the related loan using the effective interest method over the term of the contracts.

The Company funds its contracts through its internal reinvestment and from proceeds from the sale of these to investors. The company purchases contracts from various dealers and places them into specific pools which are sold to investors. As stipulated in the sales and servicing agreement, Concordia services those contracts.

Concordia guarantees the return on the investment and the quality of the contracts sold. The sales and service agreement also include a provision whereby the Company has first right of refusal to buy back the contract at 95% of the existing principal balance. Under Statement of Financial Accounting Standards (SFAS) no. 140 "Accounting for Transfer and Servicing of Financial Assets and Extinguishment of Liabilities," this provision does not satisfy the requirements for a complete sale and therefore these contracts are carried as a contingent liability by Concordia.

## CONCORDIA FINANCING STATEMENT, LTD

### NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

#### NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continue)

In most cases, the agreements designate a third party (custodian) who holds the titles and contracts. Custodian fees are paid to these parties based on the sales and servicing contract.

##### Non-performing Purchased Contracts

A contract is generally placed on non-accrual status at the earlier of (i) the contract becoming past due 90 days as to either principal or interest or (ii) when the truck owner has entered bankruptcy proceedings and the contract is delinquent. Exceptions to placing 90-day past due contract on non-accrual may be made if there exists an abundance of collateral and the contract is in the process of collection. Contracts are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. When a contract is placed on non-accrual status, interest accrued but not received is reversed against interest income. A non-accrual contract may be restored to accrual status when delinquent loan payments are collected and the contract is expected to perform in the future according to its contractual terms. Interest income on performing impaired contract is recognized on the accrual basis.

##### Allowances for Contract Losses

An allowance for contract losses is maintained at a level considered adequate, in management's judgment, to absorb future inherent losses in the contract portfolio. The evaluation of the adequacy of the allowance takes into consideration several factors including but not exclusively, current economic conditions, historical contract loss experience, and factors affecting collectibility on specific borrowers based upon regular contract reviews.

##### Furniture, Fixtures, and Equipment

Furniture, fixtures and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimate useful life, which ranges from five to seven years. Expenditures for betterments or major repairs are capitalized and those for ordinary repairs and maintenance are charged to operations as incurred.

##### Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between financial statement and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Recognition of deferred tax assets is limited to amounts considered by management to be more likely than not realized in future periods.

## CONCORDIA FINANCING STATEMENT, LTD

### NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

#### NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continue)

##### Concentration of Credit Risk

The Company maintains cash balances in two financial institutions, which exceed federally insured limits. The Company has not experienced any losses in such accounts.

##### Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents, accounts receivable; due from related parties, prepaid expenses, other assets, and accounts payable and other current liabilities carrying amounts approximate fair value.

##### Recent Accounting Pronouncements

###### *Share-Based Payment*

In December 2004, the FASB issued a revision of SFAS 123 ("SFAS 123(R)") that requires compensation costs related to share-based payment transactions to be recognized in the statement of operations. With limited exceptions, the amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. In addition, liability awards will be remeasured each reporting period. Compensation cost will be recognized over the period that an employee provides service in exchange for the award. SFAS 123(R) replaces SFAS 123 and is effective as of January 1, 2006. Based on zero shares and awards outstanding as of December 31, 2005, the adoption of SFAS 123(R) would have no impact on earnings in 2005.

###### *Non-monetary Exchange*

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Non-monetary Assets—An Amendment of Accounting Principles Board (APB) Opinion No. 29, Accounting for Non-monetary Transactions" ("SFAS 153"). SFAS 153 eliminates the exception from fair measurement for non-monetary exchanges of similar productive assets in paragraph 21(b) of APB Opinion No. 29, "Accounting for Non-monetary Transactions," and replaces it with an exception for exchanges that do not have commercial substance. SFAS 153 specifies that a non-monetary exchange has commercial substance if the future cash flows of the entity expected to change significantly as a result of the exchange. SFAS 153 is effective for fiscal periods beginning after June 15, 2005. The adoption of SFAS 153 is not expected to have a material impact on the Company's current financial condition or results of operations.

## CONCORDIA FINANCING STATEMENT, LTD

### NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

#### NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continue)

##### *Share-Based Payment*

In March 2005, the U.S. Securities and Exchange Commission, or SEC, released SAB 107, "Share-Based Payments". The interpretations in SAB 107 express views of the SEC staff, or staff, regarding the interaction between SFAS 123R and certain SEC rules and regulations, and provide the staff's views regarding the valuation of share-based payment arrangements for public companies. In particular, SAB 107 provides guidance related to share-based payment transactions with non-employees, the transition from nonpublic to public entity status, valuation methods (including assumptions such as expected volatility and expected term), the accounting for certain redeemable financial instruments issued under share-based payment arrangements, the classification of compensation expense, non-GAAP financial measures, first-time adoption of SFAS 123R in an interim period, capitalization of compensation cost related to share-based payment arrangements, the accounting for income tax effects of share-based payment arrangements upon adoption of SFAS 123R, the modification of employee share options prior to adoption of SFAS 123R and disclosures in Management's Discussion and Analysis subsequent to adoption of SFAS 123R. SAB 107 requires stock-based compensation be classified in the same expense lines as cash compensation is reported for the same employees. The Company and management is reviewing SAB 107 in conjunction with its review of SFAS 123R.

##### *Conditional Asset Retirement*

In March 2005, the FASB issued FASB Interpretation (FIN) No. 47 - "Accounting for Conditional Asset Retirement Obligations – an Interpretation of SFAS 143 (FIN No. 47). FIN No. 47 clarifies the timing of liability recognition for legal obligations associated with the retirement of a tangible long-lived asset when the timing and/or method of settlement are conditional on a future event. FIN No. 47 is effective no later than December 31, 2005. FIN No. 47 did not impact the Company for the year ended December 31, 2005.

##### *Accounting Changes and Error Corrections*

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections, a Replacement of APB No. 20 and FASB 3 (SFAS No.154). SFAS No. 154 requires retrospective application to prior periods' financial statements of a voluntary change in accounting principle unless it is impracticable. APB Opinion No. 20 "Accounting Changes," previously required that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle.



# CONCORDIA FINANCING STATEMENT, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

### NOTE 3—PURCHASED CONTRACTS – PLEDGED

Purchased contracts for December 31, consisted of the following:

	<u>2005</u>	<u>2004</u>
Contracts receivable, gross	\$ 32,519,987	\$ 27,832,551
Unearned interest	(9,019,004)	(7,748,307)
Unearned discount	(656,337)	(597,596)
Principal portion of purchased contracts	<u>\$ 22,844,646</u>	<u>\$ 19,486,648</u>

The sales contracts are purchased from various approved dealers on the West Coast shortly after the dealer has sold and financed the sale of a truck. In most cases, a down payment of 20% is required. The typical term of any contract purchased by the Company is three years with the maximum being four years. The effective interest rate on these contracts is 30% per year.

### NOTE 4—ALLOWANCE FOR CONTRACT LOSSES

Changes in the allowance for possible contract losses as of December 31:

	<u>2005</u>	<u>2004</u>
Balance at beginning of year	\$ 1,868,533	\$ 1,363,629
Provisions charged to operating expense	<u>591,263</u>	<u>504,904</u>
Balance at end of year	<u>\$ 2,459,796</u>	<u>\$ 1,868,533</u>

Total impaired contracts at December 31, 2005 and 2004 were \$ 4,159,676 and \$2,495,222 respectively. Total allowance for losses allocated to impaired contracts at December 31, 2005 and 2004 were \$2,459,796 and \$1,868,533 respectively. Impaired contracts averaged approximately \$3,327,449 and \$2,152,931 for 2005 and 2004. The company did not recognize any interest income on impaired contracts during 2005 and 2004.

### NOTE 5 – NOTES RECEIVABLE – RELATED PARTY

The Company paid for certain costs on behalf of a shareholder of the Company and recorded these costs as notes receivable from the shareholder. These costs were incurred for transactions between the shareholder and a public corporation with common ownership by such shareholder. The notes are non-interest bearing and due upon demand. The balance due to from such shareholder was \$53,479 as of December 31, 2005.

# CONCORDIA FINANCING STATEMENT, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

### NOTE 6- FURNITURE AND EQUIPMENT

Furniture and equipment, net at December 31, consist of the following:

	<u>Years</u>	<u>2005</u>	<u>2004</u>
Vehicles	5	\$ 110,689	\$ 110,689
Furniture and equipment	5-7	216,391	198,768
Total furniture and equipment		327,080	309,457
Less: accumulated depreciation		(246,051)	(194,580)
		<u>\$ 81,029</u>	<u>\$ 114,877</u>

The Company possesses premises under a non-cancelable operating lease expiring on May 31, 2006. At December 31, 2005, the approximate future minimum rental commitments under this lease are as follows:

	<u>Year</u>	<u>Amount</u>
2006		\$ 29,917
2007 and thereafter		-0-

Total rental payments under the lease agreement amounted to \$72,037 and \$69,994 for the years ended in December 31, 2005 and 2004 respectively.

### NOTE 7 -NOTES PAYABLE

The notes- balance represents unsecured notes bearing interest at 15%. Interest is payable monthly or added to the principal balance at the investor's option. The notes are typically written for a two-year term. The notes payable also includes those notes to related parties totaling, \$1,703,460. At December 31, 2005, all note holders have expressed intent to roll outstanding balances into new notes at maturity and no demand for repayment has been made.



# CONCORDIA FINANCING STATEMENT, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

### NOTE 8- INVESTOR PORTFOLIO

Investor portfolio represents purchases of contracts, made by private parties, under the Company's sales and servicing agreements. These contracts do not qualify as complete sales for accounting purposes and are therefore treated as secured borrowings. Under the terms of the agreements, the purchasers receive a fixed return of 10-12% on their purchases. This return is paid monthly and reported as interest expense in the accompanying statement of operations.

Principal reductions in the contracts can be returned to the purchaser or held by the Company for reinvestment in new contracts. As of December 31, 2005, all purchasers have elected to reinvest principal reductions in new contracts. The sales and servicing agreements have maturities equal to the underlying contracts purchased, generally three years.

### NOTE 9 - INCOME TAXES

The provision (benefit) for income taxes from continued operations for the years ended December 31, 2005 and 2004 consist of the following:

	December 31,	
	2005	2004
Current:		
Federal	\$ 429,486	\$ 251,176
State	192,623	64,251
	<u>622,109</u>	<u>315,427</u>
Deferred:		
Federal	\$ (200,763)	\$ (252,307)
State	(53,367)	(67,068)
	<u>(254,130)</u>	<u>(319,375)</u>
Tax (benefit) from the decrease in valuation allowance	-	-
Provision (benefit) for income taxes, net	\$ <u>367,979</u>	\$ <u>(3,948)</u>

# CONCORDIA FINANCING STATEMENT, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2005 and 2004

### NOTE 9 - INCOME TAXES (Continue)

The difference between income tax expense computed by applying the federal statutory corporate tax rate and actual income tax expense is as follows:

	December 31,	
	2005	2004
Statutory federal income tax rate	34.0%	34.0%
State income taxes and other	8.9%	8.9%
Effective tax rate	42.9%	42.9%

Deferred income taxes result from temporary differences in the recognition of income and expenses for the financial reporting purposes and for tax purposes. The tax effect of these temporary differences representing deferred tax asset and liabilities result principally from the following:

	December 31,	
	2005	2004
Allowance for contract losses	\$ 591,263	\$ 504,904
Deferred income tax asset	\$ 591,263	\$ 504,904

The net deferred tax assets and liabilities are comprised of the following:

	December 31,	
	2005	2004
Deferred tax assets	\$ 1,057,370	\$ 803,240
Less valuation allowance	-	-
Net deferred income tax asset	\$ 1,057,370	\$ 803,240

**CONCORDIA FINANCING COMPANY, LTD**

**FINANCIAL STATEMENTS**

**December 31, 2006 and 2005**

CONCORDIA FINANCING COMPANY, LTD.

FINANCIAL STATEMENTS

December 31, 2006 and 2005

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**JEWETT, SCHWARTZ, WOLFE & ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Shareholders of  
Concordia Financing Company, Ltd

We have audited the accompanying balance sheets of Concordia Financing Company, Ltd (the "Company") as of December 31, 2006 and 2005 and the related statements of operations, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concordia Financing Company, Ltd as of December 31, 2006 and 2005, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

*Jewett, Schwartz, Wolfe & Assoc CPAs*

Hollywood, Florida  
July 16, 2007

CONCORDIA FINANCING COMPANY, LTD

BALANCE SHEETS

December 31,

	2006	2005
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,062,093	\$ 1,885,779
Purchased contracts		
Pledged purchased contracts, net	24,692,106	22,844,646
Non-performing purchased contracts	3,559,050	4,159,676
Less reserve for purchased contract losses	(2,597,977)	(2,459,796)
Net purchased contracts	25,653,179	24,544,526
Accrued interest receivable	439,444	232,140
Notes receivable, related party	53,479	53,479
Income taxes receivable	516,055	-
Furniture and equipment, net	390,922	81,029
Deferred income taxes	1,686,221	1,057,370
Other assets:		
Marketable securities - available-for-sale	123,332	125,702
Other assets	97,062	43,732
<b>TOTAL ASSETS</b>	<b>\$ 31,021,787</b>	<b>\$ 28,023,757</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 235,082	\$ 1,228,318
Notes payable	3,058,750	1,703,460
Investor Portfolio	25,856,762	22,365,980
<b>TOTAL LIABILITIES</b>	<b>29,150,594</b>	<b>25,297,758</b>
Commitments and contingencies		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock; no par value; 10,000,000 shares authorized	-	-
Common stock; no par value; 10,000,000 shares authorized; issued and outstanding 692,200 and 1,017,200 shares at 2006 and 2005	474,112	490,362
Retained earnings	1,397,081	2,235,637
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,871,193</b>	<b>2,725,999</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 31,021,787</b>	<b>\$ 28,023,757</b>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY, LTD.

STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2006 and 2005

	2006	2005
Contract interest, fees and discounts	\$ 8,151,384	\$ 7,114,985
FINANCING EXPENSES		
Interest expense	3,125,597	2,753,372
Custodian expenses	610,290	509,664
Financing fees	209,499	117,550
TOTAL FINANCING EXPENSES	3,945,386	3,380,586
	4,205,998	3,734,399
Provision for contract losses	3,546,518	591,263
INCOME AFTER PROVISION FOR CONTRACT LOSSES	659,480	3,143,136
OPERATING EXPENSES		
Salaries and employee benefits	1,160,665	1,009,916
Rent	119,515	72,037
Office expenses	224,086	230,098
Professional fees	391,994	214,717
Depreciation and amortization	70,871	51,472
Other	157,386	131,091
TOTAL OPERATING EXPENSES	2,124,517	1,709,331
INCOME (LOSS) BEFORE INCOME TAXES	(1,465,037)	1,433,805
Provision (benefit) for income taxes	(628,851)	367,979
NET INCOME (LOSS)	\$ (836,186)	\$ 1,065,826
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized loss on marketable securities available-for-sale	(2,370)	(6,410)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	\$ (838,556)	\$ 1,059,416

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY, LTD.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2006 and 2005

	10,000,000 Authorized Common Stock and Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total
	Shares	Amount		
BALANCE AT DECEMBER 31, 2004	1,017,200	\$ 490,362	\$ 1,272,361	\$ 1,666,583
Unrealized losses on marketable securities		-	(6,410)	(6,410)
Net income		-	1,065,826	1,065,826
BALANCE AT DECEMBER 31, 2005	1,017,200	\$ 490,362	\$ 2,338,187	\$ 2,725,999
Unrealized losses on marketable securities		-	(2,370)	(2,370)
Repurchase of shares	(5,000)	(16,250)	-	(16,250)
Litigation shares adjustment	(300,000)	-	-	-
Shares adjustment - other	(20,000)	-	-	-
Net loss		-	(836,186)	(836,186)
BALANCE AT DECEMBER 31, 2006	692,200	\$ 474,112	\$ 1,502,001	\$ 1,871,193

The accompanying notes are an integral part of these financial statements.



CONCORDIA FINANCING COMPANY, LTD.

STATEMENT OF CASH FLOWS

For the Years Ended December 31,

	2006	2005
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ (838,556)	\$ 1,059,416
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	70,841	51,471
Provision for contract losses	3,546,518	591,263
Unearned interest on purchased contracts	488,617	1,270,697
Non-performing purchased contracts	600,626	(1,664,454)
Amortization of unearned discount	79,723	58,741
Reinvestment of accrued interest expense	1,431,835	706,960
Unrealized loss on marketable securities	2,370	6,410
Deferred income taxes	(628,851)	(254,130)
Changes in assets and liabilities:		
Accrued interest receivable	(207,304)	11,577
Notes receivable - related party	-	12,248
Income tax receivable	(516,055)	-
Furniture and equipment	(380,734)	(17,623)
Other assets	(53,329)	(16,705)
Accounts payable and accrued expenses	(993,237)	663,369
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,602,464</b>	<b>2,479,240</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Contracts purchased	(23,323,359)	(22,666,206)
Principal payments of purchased contracts	17,499,222	17,978,770
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,824,137)</b>	<b>(4,687,436)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	305,549	61,735
Repayment of notes payable	(122,381)	(11,500)
Proceeds from investor portfolio	3,926,186	2,766,936
Repayment of investor portfolio	(695,117)	(1,334,367)
Repurchase of company shares	(16,250)	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>3,397,987</b>	<b>1,482,804</b>
Net increase (decrease) in cash and cash equivalents	176,314	(725,392)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,885,779</b>	<b>2,611,171</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 2,062,093</b>	<b>\$ 1,885,779</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 3,125,597	\$ 2,753,372
Cash paid for taxes	\$ 516,055	\$ 729,909

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

NOTE 1 -- NATURE OF BUSINESS

Concordia Financing Company, Ltd (Company) was incorporated in California on April 19, 1994 and has been organized and operates as a single operating segment. The Company is located in Ontario, California and is in the business as a broker and servicer of sub-prime retail installment sales contracts (the "Contracts") collateralized by pre-owned Class 8 trucks. The term of the Contracts typically ranges between 24 to 48 months with a 30% annual interest rate. The Company's primary sources of revenue are contract fees, servicing fees and discount earned from these sales contracts.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes that the estimates and related assumptions used in the preparation of these financial statements are appropriate, actual results could differ from those estimates. Estimates are made principally in the assessment of collectivity of receivables, of estimated residual values of leased equipment and the depreciable lives of such assets.

Reclassification

Certain prior period amounts have been reclassified to conform to current year presentations.

Revenue Recognition

Revenue from contract interest, fees and discounts is recognized over the term of the contract on the accrual basis.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At December 31, 2006 and 2005, cash and cash equivalents include cash on hand and cash in the bank.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Marketable Securities Available-For-Sale

In order for the Company to optimize its return on the equity funds it has raised, it invested in certain liquid marketable securities. The Company classifies these marketable securities as available-for-sale. These securities are recorded at fair market value, with unrealized gains or losses excluded from earnings and included in other comprehensive income within stockholders' equity. Realized gains and losses on the sale of these securities are determined using the specific-identification method.

The available-for-sale securities are comprised of the following at December 31, 2006. The gross unrealized loss is included in accumulated other comprehensive income:

	<u>Amortized Cost</u>	<u>Gross Unrealized Losses</u>	<u>Estimated Fair Value</u>
Equity Securities and Corporate Bonds	\$ 125,702	(\$ 2,370)	\$ 123,332

The Company had no sale of investments and therefore, realized no gain or loss for the year ended December 31, 2006.

Purchased Contracts-Pledged

Purchased contracts are contracts that management has the intent and ability to hold until maturity or payoff that are reported at their outstanding unpaid principal balance, reduced by any charge-off and net of any amortized premiums or discounts on purchased contracts.

Purchase contract discounts are capitalized and recognized as an adjustment of the yield on the related loan using the effective interest method over the term of the contracts.

Third-party investors are approached by an independent broker to invest capital in contracts originated by truck dealers and purchased by Concordia on behalf of the investors. The Company will service the contracts pursuant to a sales and servicing agreement (the "Agreement") entered into by the investor. The Agreement allows the Company, at its discretion, to purchase and service contracts on behalf of these investors.

Pursuant to the Agreement, the investor can terminate the Agreement upon notice by the investor. If the investor terminates the Agreement, the Company's servicing activities of the contract is halted and the investor or designated servicer assumes the servicing aspects of the contract. The investor also assumes the position as lien holder on the contract.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Purchased Contracts-Pledged – (Continued)

Concordia has a contingent guarantee, subject to Concordia's servicing the contract, on the interest and principal on the contract. The sales and service agreement also include a provision whereby the Company has first right of refusal to buy back the contract at 95% of the existing principal balance. Under Statement of Financial Accounting Standards (SFAS) No. 140 "Accounting for Transfer and Servicing of Financial Assets and Extinguishment of Liabilities," this provision does not satisfy the requirements for a complete sale and therefore these contracts are carried as a contingent liability by Concordia.

In most cases, the agreements designate a third party (custodian) who holds the titles and contracts. Custodian fees are paid to these parties based on the sales and servicing contract.

Non-performing Purchased Contracts

A contract is generally placed on non-accrual status at the earlier of (i) the contract becoming past due 90 days as to either principal or interest, (ii) when the truck is repossessed, or (iii) when the truck owner has entered bankruptcy proceedings and the contract is delinquent. Exceptions to placing 90-day past due contract on non-accrual may be made if the contract is in the process of collection or modification. Contracts are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. When a contract is placed on non-accrual status, interest accrued but not received is reversed against interest income. A non-accrual contract may be restored to accrual status when delinquent loan payments are collected and the contract is expected to perform in the future according to its contractual terms. Interest income on performing impaired contract is recognized on the accrual basis.

Reserve for Contract Losses

A reserve for contract losses is maintained at a level considered adequate, in management's judgment, to absorb future inherent losses in the contract portfolio. The evaluation of the adequacy of the reserve takes into consideration several factors including but not exclusively, current economic conditions, historical contract loss experience, and factors affecting collectibility on specific borrowers based upon regular contract reviews.

Furniture, Fixtures, and Equipment

Furniture, fixtures and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimate useful life, which ranges from five to seven years. Expenditures for betterments or major repairs are capitalized and those for ordinary repairs and maintenance are charged to operations as incurred.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company accounts for income taxes according to SFAS 109 "Accounting for Income Taxes" which requires an asset and liability approach to financial accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between financial statement and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Recognition of deferred tax assets is limited to amounts considered by management to be more likely than not realized in future periods.

Concentration of Credit Risk

The Company maintains cash balances in two financial institutions, which exceed federally insured limits. The Company has not experienced any losses in such accounts.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents, accounts receivable; due from related parties, prepaid expenses, other assets, and accounts payable and other current liabilities carrying amounts approximate fair value.

Recent Accounting Pronouncements

In September 2006, the Securities Exchange Commission ("SEC") issued Staff Accounting Bulletin ("SAB") No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* ("SAB 108"). SAB 108 provides guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of determining whether the current year's financial statements are materially misstated. SAB 108 is effective for the Company beginning October 1, 2007. The adoption of SAB 108 is not expected to have a material impact on the Company's financial statements.

# CONCORDIA FINANCING COMPANY, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

### NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Recent Accounting Pronouncements -- (Continued)

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 provides guidance for using fair value to measure assets and liabilities and requires additional disclosure about the use of fair value measures, the information used to measure fair value, and the effect fair-value measurements have on earnings. The primary area in which the Company utilized fair value measures is the valuation of non-performing purchased contracts for potential impairment. SFAS 157 does not require any new fair value measurements. SFAS 157 is effective for the Company beginning October 1, 2008. The Company is currently evaluating the impact of SFAS 157 on its financial statements.

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement 109* ("FIN 48"), which prescribes a comprehensive model for how a company should recognize, measure, present and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return, including a decision whether or not to file a return in a particular jurisdiction. Under this new guidance, the financial statements will reflect expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts, but without considering time values. This guidance also revises disclosure requirements and introduces a prescriptive, annual, tabular roll-forward of unrecognized tax benefits. FIN 48 is effective for annual periods beginning after December 15, 2006. The Company is in the process of evaluating the impact of adoption of FIN 48 on its financial statements.

### NOTE 3---PURCHASED CONTRACTS -- PLEDGED

Purchased contracts for December 31, consisted of the following:

	<u>2006</u>	<u>2005</u>
Contracts receivable, gross	\$ 34,935,787	\$ 32,519,987
Unearned interest	(9,507,621)	(9,019,004)
Unearned discount	(736,060)	(656,337)
Principal portion of purchased contracts	<u>\$ 24,692,106</u>	<u>\$ 22,844,646</u>

The sales contracts are purchased from various approved dealers shortly after the dealer has sold and financed the sale of a truck. In most cases, a down payment of 20% is required. The typical term of any contract purchased by the Company is between 24 to 48 months with a 30% annual interest rate.

# CONCORDIA FINANCING COMPANY, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

### NOTE 4—NON-PERFORMING CONTRACTS

Non-performing contracts consist of the following as of December 31, 2006:

Reposessed inventory on hand	\$ 2,226,298
Insurance	170,764
Legal	966,772
Bankruptcy	<u>195,216</u>
Balance at end of year	<u>\$ 3,559,050</u>

Total non-performing contracts at December 31, 2005 was \$4,159,676.

### NOTE 5—RESERVE FOR CONTRACT LOSSES

Changes in the reserve for possible contract losses as of December 31:

	<u>2006</u>	<u>2005</u>
Balance at beginning of year	\$ 2,459,796	\$ 1,868,533
Additions	3,546,518	591,263
Write-off	<u>3,408,337</u>	<u>-</u>
Balance at end of year	<u>\$ 2,597,977</u>	<u>\$ 2,459,796</u>

Total non-performing contracts at December 31, 2006 and 2005 were \$ 3,559,050 and \$4,159,676 respectively. Total reserve for losses allocated to non-performing and performing contracts at December 31, 2006 and 2005 were \$2,597,977 and \$2,459,796 respectively. The company did not recognize any interest income on non-performing contracts during 2006 and 2005.

### NOTE 6—NOTES RECEIVABLE – RELATED PARTY

The Company paid for certain costs on behalf of a shareholder of the Company and recorded these costs as notes receivable from the shareholder. These costs were incurred for transactions between the shareholder and a corporation with common ownership by such shareholder. The notes are non-interest bearing and due upon demand. The balance due to the Company from such shareholder was \$53,479 as of December 31, 2006.



CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

NOTE 7- FURNITURE AND EQUIPMENT

Furniture and equipment, net at December 31, consist of the following:

	<u>Years</u>	<u>2006</u>	<u>2005</u>
Vehicles	5	\$ 110,688	\$ 110,689
Furniture and equipment	5-7	583,920	216,391
Total furniture and equipment		694,608	327,080
Less: accumulated depreciation		(303,686)	(246,051)
		<u>\$ 390,922</u>	<u>\$ 81,029</u>

The depreciation expense for the years ended December 31, 2006 and 2005 was \$70,841 and \$51,471, respectively.

The Company possesses premises under a non-cancelable operating lease expiring on October 31, 2011. At December 31, 2006, the approximate future minimum rental commitments under this lease are as follows:

2007:	\$ 239,000
2008:	246,000
2009:	253,000
2010:	261,000
2011:	<u>246,000</u>
Total	<u>\$1,245,000</u>

Total rental payments under the lease agreement totaled to \$119,515 and \$72,037 for the years ended in December 31, 2006 and 2005 respectively.

NOTE 8 -NOTES PAYABLE

The notes payable balance of \$3,058,750 represents unsecured notes bearing an interest rate of 10% to 15%. Interest is payable monthly or added to the principal balance at the investor's option. The notes are typically written for a two-year term. The notes payable also includes those notes held by related parties totaling \$650,591. At December 31, 2006, all note holders have expressed intent to reinvest principal reduction into new notes at maturity and no demand for repayment has been made.



# CONCORDIA FINANCING COMPANY, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

### NOTE 9- INVESTOR PORTFOLIO

Investor portfolio balance of \$25,856,762 represents purchases of contracts, made by private parties, under the Company's sales and servicing agreements. These contracts do not qualify as complete sales for accounting purposes and are therefore treated as secured borrowings. Under the terms of the agreements, the purchasers receive a fixed interest rate of 10% to 15% on their purchases. This return is paid monthly and reported as interest expense in the accompanying statement of operations. At December 31, 2006, all investors have elected to reinvest principal reduction into new contracts and no demand for repayment has been made.

Principal reductions in the contracts can be returned to the purchaser or held by the Company for reinvestment in new contracts. As of December 31, 2006, all purchasers have elected to reinvest principal reductions into new contracts. The sales and servicing agreements have maturities equal to the underlying contracts purchased, generally three years.

### NOTE 10 - INCOME TAXES

The provision (benefit) for income taxes from continued operations for the years ended December 31, 2006 and 2005 consist of the following:

	December 31,	
	2006	2005
Current:		
Federal	\$ -	\$ 429,486
State	-	192,623
	-	622,109
Deferred:		
Federal	\$ (943,966)	\$ (200,763)
State	(250,928)	(53,367)
	(1,194,894)	(254,130)
Benefit from the operating loss carryforward	566,043	-
(Benefit) provision for income taxes, net	\$ (628,851)	\$ 367,979

# CONCORDIA FINANCING COMPANY, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

### NOTE 10 - INCOME TAXES - (Continued)

The difference between income tax expense computed by applying the federal statutory corporate tax rate and actual income tax expense is as follows:

	December 31,	
	2006	2005
Statutory federal income tax rate	34.0%	34.0%
State income taxes and other	8.9%	8.9%
Effective tax rate	42.9%	42.9%

Deferred income taxes result from temporary differences in the recognition of income and expenses for the financial reporting purposes and for tax purposes. The tax effect of these temporary differences representing deferred tax asset and liabilities result principally from the following:

	December 31,	
	2006	2005
Allowance for contract losses	\$ 1,117,140	\$ 1,057,370
Net operating loss carryforward	566,043	
Depreciation and amortization	3,038	
Valuation allowance	-	-
Deferred income tax asset	\$ 1,686,221	\$ 1,057,370

The Company has a net operating loss carryforward of approximately \$1,316,380 available to offset future taxable income through 2019.

There was no valuation allowance at December 31, 2006 and 2005.

### NOTE 11 - LEGAL SETTLEMENT

During 2001, the Company initiated a lawsuit against a former shareholder (defendant) to recover 300,000 shares of stock that had been allegedly used to settle a third party debt of the defendant. In 2006, the lawsuit was settled in the Company's favor and the defendant was ordered to return the shares and reimburse the Company for \$35,164 in attorney fees and costs. The returned shares were recorded to treasury stock and, as of December 31, 2006, \$5,274 was received as reimbursed attorney fees, leaving a remaining receivable balance of \$29,889.

**CONCORDIA FINANCE  
STATEMENT OF EARNINGS**

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FISCAL YEARS ENDEING DECEMBER 31, 2007 & 2008  
PRELIMINARY & UNAUDITED

	FISCAL YEAR ENDED <u>12/31/07</u>	FISCAL YEAR ENDED <u>12/31/08</u>
<u>REVENUE</u>		
CONTRACT INTEREST	7,150,163	6,477,497
CONTRACT FEES (NON-CASH)	214,124	186,500
DISCOUNT EARNED (NON-CASH)	655,207	701,536
MISCELLANEOUS INCOME	255,905	165,015
<b>TOTAL REVENUE</b>	<b>8,275,399</b>	<b>7,530,548</b>
<u>COST OF OPERATIONS</u>		
INTEREST PAID, NOTES PAYABLE	3,522,516	3,625,021
CHINO BANK	1,498	1,000
ERF	592,168	636,494
WANZEK	104,800	101,875
FINDER FEES	42,933	78,500
SUNSET	9,072	9,036
<b>TOTAL COST OF MONEY</b>	<b>4,272,987</b>	<b>4,451,926</b>
<b>GROSS PROFIT</b>	<b>4,002,412</b>	<b>3,078,622</b>
<u>COST OF OPERATIONS</u>		
OFFICE EXPENSES	400,462	320,421
TOTAL TEMP HELP	96,081	23,578
PAYROLL	1,486,529	1,411,827
COST OF RECOVERY	176,972	664,274
<b>TOTAL COST OF OPERATIONS</b>	<b>2,160,044</b>	<b>2,420,100</b>
<u>GENERAL AND ADMINISTRATIVE EXPENSES</u>		
GENERAL AND ADMINISTRATION	370,214	315,781
TAXES	5,506	5,237
INSURANCE	41,226	29,522
PROFESSIONAL SERVICES	516,397	472,659
DEPRECIATION EXPENSE	103,390	98,159
BAD DEBTS	2,704,726	3,666,233
OTHER	38,338	30,208
<b>TOTAL GENERAL AND ADMINISTRATION</b>	<b>3,779,798</b>	<b>4,617,801</b>
<b>TOTAL GENERAL AND ADMINISTRATION</b>		
INTEREST INCOME	61,090	33,231
<b>EARNINGS BEFORE TAXES</b>	<b>(1,876,340)</b>	<b>(3,926,048)</b>
GAIN/(LOSS) ON SALE OF ASSET	-	(10,799)
PROVISION FOR TAXES - FEDERAL	(651,500)	(1,337,198)
PROVISION FOR TAXES - STATE	(169,390)	(346,872)
<b>NET PROFIT (LOSS)</b>	<b>(1,055,451)</b>	<b>(2,252,777)</b>

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**CONCORDIA FINANCE  
BALANCE SHEET**

FISCAL YEARS ENDEING DECEMBER 31, 2007 & 2008  
PRELIMINARY & UNAUDITED

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<u>ASSETS</u>	FISCAL YEAR ENDED <u>12/31/08</u>
TOTAL CASH	2,511,418
PURCHASED CONTRACTS (LOAN PORTFOLIO)	
PLEDGED PURCHASED CONTRACTS, NET	21,981,270
NON PERFORMING ACCOUNTS	5,248,759
LESS: PROVISION FOR LOSSES	<u>(3,305,962)</u>
NET PURCHASED CONTRACTS:	23,924,067
ACCRUED INTEREST RECEIVABLE	1,979,957
DEFERRED TAX ASSET	2,507,111
NOTES RECEIVABLE	53,479
TOTAL OTHER CURRENT ASSETS	79,084
PROPERTY PLANT AND EQUIPMENT, NET	392,324
TOTAL ASSETS	<u><u>31,447,440</u></u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
HOLDERS' EQUITY	
TOTAL ACCOUNTS PAYABLE	367,663
LONG TERM LIABILITIES	
NOTES PAYABLE	3,366,771
INVESTOR PORTFOLIO	<u>26,951,264</u>
TOTAL LONG TERM LIABILITIES	30,318,034
TOTAL LIABILITIES	30,685,697
<u>STOCK HOLDERS EQUITY</u>	
COMMON STOCK	420,112
RETAINED EARNINGS	1,397,081
PROFIT (LOSS) FOR PERIOD	<u>(1,055,451)</u>
TOTAL STOCK HOLDERS EQUITY	761,742
TOTAL STOCK HOLDERS EQUITY AND LIABILITIES	<u><u>31,447,440</u></u>

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**CONCORDIA FINANCE  
STATEMENT OF EARNINGS**

**FISCAL YEAR ENDEING DECEMBER 31, 2008  
PRELIMINARY & UNAUDITED**

**CONFIDENTIAL**

**FISCAL YEAR ENDED  
12/31/08**

REVENUE

CONTRACT INTEREST	6,477,497
CONTRACT FEES (NON-CASH)	186,500
DISCOUNT EARNED (NON-CASH)	701,536
MISCELLANEOUS INCOME	165,015
<b>TOTAL REVENUE</b>	<b>7,530,548</b>

COST OF OPERATIONS

INTEREST PAID, NOTES PAYABLE	3,625,021
CHINO BANK	1,000
ERF	636,494
WANZEK	101,875
FINDER FEES	78,500
SUNSET	9,036
<b>TOTAL COST OF MONEY</b>	<b>4,451,926</b>

**GROSS PROFIT 3,078,622**

COST OF OPERATIONS

OFFICE EXPENSES	320,421
TOTAL TEMP HELP	23,578
PAYROLL	1,411,827
COST OF RECOVERY	664,274
<b>TOTAL COST OF OPERATIONS</b>	<b>2,420,100</b>

GENERAL AND ADMINISTRATIVE EXPENSES

GENERAL AND ADMINISTRATION	315,781
TAXES	5,237
INSURANCE	29,522
PROFESSIONAL SERVICES	472,659
DEPRECIATION EXPENSE	98,159
BAD DEBTS	3,666,233
OTHER	30,208
<b>TOTAL GENERAL AND ADMINISTRATION</b>	<b>4,617,801</b>

**TOTAL GENERAL AND ADMINISTRATION**

**INTEREST INCOME 33,231**

**EARNINGS BEFORE TAXES (3,926,048)**

**GAIN/(LOSS) ON SALE OF ASSET (10,799)**

**PROVISION FOR TAXES - FEDERAL (1,337,198)**

**PROVISION FOR TAXES - STATE (346,872)**

**NET PROFIT (LOSS) (2,252,777)**

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**CONCORDIA FINANCE  
BALANCE SHEET**

FISCAL YEAR ENDEING DECEMBER 31, 2008  
PRELIMINARY & UNAUDITED

CONFIDENTIAL

<u>ASSETS</u>	FISCAL YEAR ENDED <u>12/31/08</u>
TOTAL CASH	1,078,199
PURCHASED CONTRACTS (LOAN PORTFOLIO)	
PLEDGED PURCHASED CONTRACTS, NET	19,990,134
NON PERFORMING ACCOUNTS	5,924,649
LESS: PROVISION FOR LOSSES	<u>(3,494,926)</u>
NET PURCHASED CONTRACTS:	22,419,856
ACCRUED INTEREST RECEIVABLE	2,835,336
DEFERRED TAX ASSET	4,086,667
NOTES RECEIVABLE	53,479
TOTAL OTHER CURRENT ASSETS	133,871
PROPERTY PLANT AND EQUIPMENT, NET	269,869
TOTAL ASSETS	<u><u>30,877,276</u></u>
<u>LIABILITIES</u>	
CURRENT LIABILITIES	
HOLDERS' EQUITY	
TOTAL ACCOUNTS PAYABLE	352,068
LONG TERM LIABILITIES	
NOTES PAYABLE	3,571,369
INVESTOR PORTFOLIO	<u>28,447,825</u>
TOTAL LONG TERM LIABILITIES	32,019,194
TOTAL LIABILITIES	32,371,262
<u>STOCK HOLDERS EQUITY</u>	
COMMON STOCK	420,112
RETAINED EARNINGS	341,630
PROFIT (LOSS) FOR PERIOD	<u>(2,255,728)</u>
TOTAL STOCK HOLDERS EQUITY	<u>(1,493,986)</u>
TOTAL STOCK HOLDERS EQUITY AND LIABILITIES	<u><u>30,877,276</u></u>

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CONCORDIA FINANCING COMPANY, LTD.

FINANCIAL STATEMENTS

December 31, 2010 and 2009

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Accountants & Advisors

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors  
Concordia Financing Company, Ltd.  
Rancho Cucamonga, California

We have reviewed the accompanying balance sheets of Concordia Financing Company, Ltd. as of December 31, 2010 and 2009, and the related statements of operations, changes in shareholders deficit, and cash flows for the period in the two years then ended December 31, 2010. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management are responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements referred to above have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments to the financial statements that might be necessary should the Company be unable to continue as a going concern.

RBSM LLP

New York, New York  
August 2, 2011

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New York, NY Washington DC Mumbai, India  
Member of Russell Bedford International with affiliated offices worldwide

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CONCORDIA FINANCING COMPANY, LTD.

BALANCE SHEETS

December 31,

	2010	2009
<b>ASSETS</b>		
Cash and cash equivalents	\$ 327,736	\$ 1,495,963
Purchased contracts		
Pledged purchased contracts, net	9,564,573	13,447,280
Non-performing purchased contracts	3,506,736	5,557,041
Less allowance for purchased contract losses	(3,271,302)	(4,977,852)
Net purchased contracts	9,800,007	14,026,469
Accrued interest receivable	405,570	2,759,471
Furniture and equipment, net	161,020	189,216
Other assets	122,589	94,187
<b>TOTAL ASSETS</b>	<b>\$ 10,816,922</b>	<b>\$ 18,565,306</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	\$ 15,607	\$ 45,060
Notes payable - others	27,130	-
Notes payable	2,447,092	2,893,128
Investor Portfolio	22,343,585	25,632,013
<b>TOTAL LIABILITIES</b>	<b>24,833,414</b>	<b>28,570,201</b>
Commitments and contingencies		
<b>SHAREHOLDERS' DEFICIT:</b>		
Preferred stock; no par value; 10,000,000 shares authorized	-	-
Common stock; no par value; 10,000,000 shares authorized; issued and outstanding 692,200 shares at December 31, 2010 and 2009, respectively	420,112	420,112
Accumulated Deficit	(14,436,604)	(10,425,007)
<b>TOTAL SHAREHOLDERS' DEFICIT</b>	<b>(14,016,492)</b>	<b>(10,004,895)</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT</b>	<b>\$ 10,816,922</b>	<b>\$ 18,565,306</b>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY, LTD.

STATEMENT OF OPERATIONS

For the Years Ended December 31,

	<u>2010</u>	<u>2009</u>
FINANCING INCOME:		
Contract interest, fees and discounts	\$ 1,210,245	\$ 5,243,664
FINANCING EXPENSES:		
Interest expense	-	315,159
Custodian expenses	-	9,394
TOTAL FINANCING EXPENSES	<u>-</u>	<u>324,553</u>
	1,210,245	4,919,111
Provision for contract losses	<u>2,863,453</u>	<u>6,549,328</u>
NET INTEREST INCOME (LOSS) AFTER PROVISION FOR CONTRACT LOSSES	<u>(1,653,208)</u>	<u>(1,630,217)</u>
OPERATING EXPENSES		
Salaries and employee benefits	876,763	1,109,204
Office expenses	162,698	170,885
Professional fees	443,785	502,373
Depreciation and amortization	81,440	82,084
General and administrative	<u>800,173</u>	<u>946,607</u>
TOTAL OPERATING EXPENSES	<u>2,364,859</u>	<u>2,811,153</u>
LOSS BEFORE INCOME TAXES	(4,018,067)	(4,441,370)
Provision (benefit) for income taxes	<u>-</u>	<u>-</u>
TOTAL OPERATING LOSS	<u>(4,018,067)</u>	<u>(4,441,370)</u>
OTHER INCOME/ (EXPENSES)		
Interest Income	<u>6,470</u>	<u>18,008</u>
NET LOSS	<u>\$ (4,011,597)</u>	<u>\$ (4,423,362)</u>

The accompanying notes are an integral part of these financial statements.

CONCORDIA FINANCING COMPANY, LTD.

STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

For the Years Ended December 31, 2010 and 2009

	10,000,000 Authorized Common Stock and Additional Paid-in Capital		Accumulated Deficit	Total
	Shares	Amount		
BALANCE AT DECEMBER 31, 2008				
Net loss	692,200	\$ 420,112	\$ (6,001,645)	\$ (5,581,533)
	-	-	(4,423,362)	(4,423,362)
BALANCE AT DECEMBER 31, 2009	692,200	\$ 420,112	\$ (10,425,007)	\$ (10,004,895)
Net loss	-	-	(4,011,597)	(4,011,597)
BALANCE AT DECEMBER 31, 2010	692,200	\$ 420,112	\$ (14,436,604)	\$ (14,016,492)

The accompanying notes are an integral part of these financial statements.  
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CONCORDIA FINANCING COMPANY, LTD.

STATEMENT OF CASH FLOWS

For the Years Ended December 31,

	2010	2009
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (4,011,597)	\$ (4,423,362)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	81,441	82,085
Provision for contract losses	2,863,452	6,467,848
Non-performing purchased contracts	2,050,305	367,608
Amortization of unearned discount	(108,367)	(246,721)
Changes in assets and liabilities:		
Accrued Interest	2,353,901	75,865
Other assets	(28,404)	39,684
Notes receivable - related party	-	53,479
Accounts payable and accrued expense	(29,453)	(307,890)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,171,278</b>	<b>2,108,596</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Contracts purchased	(5,145,237)	(4,551,177)
Acquisition of furniture & equipment , net	(53,245)	(1,433)
Principal payments of purchased contracts received	4,566,310	6,355,829
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<b>(632,172)</b>	<b>1,803,219</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	28,245	-
Payment of notes payable	(1,115)	-
Payment of secured borrowings	(3,734,463)	(3,494,053)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(3,707,333)</b>	<b>(3,494,053)</b>
Net increase (decrease) in cash and cash equivalents	(1,168,227)	417,762
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>1,495,963</b>	<b>1,078,201</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 327,736</b>	<b>\$ 1,495,963</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ -	\$ 315,159
Cash paid for taxes	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

# CONCORDIA FINANCING COMPANY, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

### NOTE 1 – NATURE OF BUSINESS

Concordia Financing Company, LTD (Company) was incorporated in California on April 19, 1994 and has been organized and operates as a single operating segment. The Company is located in Rancho Cucamonga, California and is in the business as an originator and servicer of sub-prime retail installment sales contracts (the "Contracts") collateralized by pre-owned Class 8 trucks. The term of the Contracts typically ranges between 24 to 48 months with a 30% annual interest rate. The Company's primary sources of revenue are origination fees, servicing fees and discount earned from these sales contracts.

### NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting where revenues and expenses are recognized in the period in which they were incurred. The basis of accounting conforms to accounting principles generally accepted in the United States of America.

#### Going Concern

As shown in the accompanying financial statements, the Company incurred a net loss of \$ 4,011,597 during the year ended December 31, 2010, and as of that date, the Company's total liabilities exceeded its total assets by \$14,016,492. Those factors, as well as the uncertain conditions that the Company faces regarding its loan agreements (as discussed in Note 9), create an uncertainty about the Company's ability to continue as a going concern. Management of the Company has implemented a plan that substantially reduces its debt service through the elimination of interest expense (see Note 9). The ability of the Company to continue as a going concern is dependent on the success of the plan as well as the trucking industry. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. While management believes that the estimates and related assumptions used in the preparation of these financial statements are appropriate, actual results could differ from those estimates. Estimates are made principally in the assessment of collectivity of receivables, of estimated residual values of leased equipment and the depreciable lives of such assets.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Revenue from contract interest, fees and discounts is recognized over the term of the contract on the accrual basis.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At December 31, 2010 and 2009, cash and cash equivalents include cash on hand and cash in the bank

Purchased Contracts-Pledged

Purchased contracts are contracts that pledged to investors and expected to be held until maturity or payoff that are reported at their outstanding unpaid principal balance, reduced by any charge-off and net of any amortized premiums or discounts on purchased contracts.

Sales contract purchase discounts are capitalized and recognized as an adjustment of the yield on the related loan using the effective interest method over the term of the contracts.

Third-party investors were arranged by an independent broker to invest capital in contracts originated by truck dealers and purchased by Concordia on behalf of the investors. The Company will service the contracts pursuant to a Sales and Servicing Agreement (the "Agreement") entered into by the investor. The Agreement allows the Company, at its discretion, to purchase and service contracts on behalf of these investors.

Pursuant to the Agreement, the investor can terminate the Agreement upon notice by the investor. If the investor terminates the Agreement, the Company's servicing activities of the contract is halted and the investor or designated servicer assumes the servicing aspects of the contract. The investor also assumes the position as lien holder on the contract.

Concordia has a contingent guarantee, subject to Concordia's servicing the contract, on the interest and principal on the contract. In addition, the sales and service agreement provides the Company a first right of refusal to buy back the contract at 95% of the existing principal balance. Under ASC 860 "Accounting for Transfer and Servicing of Financial Assets and Extinguishment of Liabilities," this provision does not satisfy the requirements for a complete sale and therefore these contracts are carried as a contingent liability by Concordia.

In most cases, the agreements designate a third party (custodian) who holds the titles and contracts. Custodian fees may be paid to these parties based on the Sales and Servicing Agreement.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-performing Purchased Contracts

Income recognition of interest is discounted when, in the opinion of management, the collectability of such interest become doubtful. A contract is generally placed on non-accrual status at the earlier of (i) the contract becoming past due 90 days as to either principal or interest, (ii) when the truck is repossessed, or (iii) when the truck owner has entered bankruptcy proceedings and the contract is delinquent. Exceptions to placing 90-day past due contract on non-accrual may be made if the contract is in the process of collection or modification. Contracts are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is considered doubtful. When a contract is placed on non-accrual status, interest accrued but not received is reversed against interest income. A non-accrual contract may be restored to accrual status when delinquent loan payments are collected and the contract is expected to perform in the future according to its contractual terms. Interest income on performing impaired contract is recognized on the accrual basis.

Reserve for Contract Losses

The reserve for a contract losses is maintained at an amount management deems adequate to cover estimated losses. In determining the level to be maintained, management evaluates many factors, including but not exclusively, current economic conditions, historical and projected contract loss, and factors affecting collectability on specific borrowers based upon regular contract reviews. In the opinion of management, the present reserve is adequate to absorb reasonable, foreseeable contract losses. While management uses the best information available to make such evaluations, future adjustments to the reserve may be necessary based on changes in economic conditions or any of the other factors used in management's determination. Charge-offs to the reserve are made when a determination of a confirmed loss. Recoveries on contracts previously charged off are also recorded through the allowance.

Furniture, Fixtures, and Equipment

Furniture, fixtures and equipment are carried at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimate useful life, which ranges from five to seven years. Depreciation Expenditures for betterments or major repairs are capitalized and those for ordinary repairs and maintenance are charged to operations as incurred. Leasehold improvements are amortized over the lives of the respective leases or the service lives of the improvements, whichever is shorter.



CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Company has adopted Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") which requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statement or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Temporary differences between taxable income reported for financial reporting purposes and income tax purposes consist primarily of reserve for contract losses accounting versus tax differences.

The Company has incurred cumulative net operating losses ("NOLs") for financial accounting and tax purposes. The effects of the NOLs have given rise to a deferred tax asset which has been offset by a valuation allowance. A valuation allowance is required to be recorded when it is "more likely than not that some portion or all of the deferred tax assets will not be realized." The Company's valuation allowance totals 100% of the gross deferred tax asset.

Concentration of Credit Risk

The Company maintains cash balances in one financial institution, which exceeds federally insured limits.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments and pledged purchased contract. Concentrations of credit risk with respect to contract receivables are limited due to the large number of customers comprising the Company's customer base and their dispersion across different geographic areas. As of December 31, 2010, the Company had no significant concentrations of credit risk.

Fair Value of Financial Instruments

The carrying amounts of certain of the Company's financial instruments including cash and cash equivalents, accounts receivable, prepaid expenses, account payable, accrued expenses, notes payables, and other accrued liabilities approximate fair value because of their short maturities. The Company measures and reports fair value in accordance with ASC 820, "Fair Value Measurements and Disclosure" defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value investments.



CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (continued)

Fair value, as defined in ASC 820, is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset should reflect its highest and best use by market participants, principal (or most advantageous) markets, and an in-use or an in-exchange valuation premise. The fair value of a liability should reflect the risk of nonperformance, which includes, among other things, the Company's credit risk.

Valuation techniques are generally classified into three categories: the market approach; the income approach; and the cost approach. The selection and application of one or more of the techniques may require significant judgment and are primarily dependent upon the characteristics of the asset or liability, and the quality and availability of inputs. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 also provides fair value hierarchy for inputs and resulting measurement as follows:

Level 1

Quoted prices (unadjusted) in active markets those are accessible at the measurement date for identical assets or liabilities;

Level 2

Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3

Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair values.

Fair value measurements are required to be disclosed by the Level within the fair value hierarchy in which the fair value measurements in their entirety fall. Fair value measurements using significant unobservable inputs (in Level 3 measurements) are subject to expanded disclosure requirements including a reconciliation of the beginning and ending balances, separately presenting changes during the period attributable to the following: (i) total gains or losses for the period (realized and unrealized), segregating those gains or losses included in earnings, and a description of where those gains or losses included in earnings are reported in the statement of income

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources and would be considered material to shareholders.

Reclassification

Certain prior period amounts have been reclassified to conform to current year presentations.

Recent Accounting Pronouncements

Recent accounting pronouncements that the Company has adopted or that will be required to adopt in the future are summarized below.

**Income Taxes:** In September 2009, the FASB issued ASU 2009-06, Income Taxes (Topic 740), *"Implementation Guidance on Accounting for Uncertainty in Income Taxes and Disclosure Amendments for Nonpublic Entities"*, which provides implementation guidance on accounting for uncertainty in income taxes, as well as eliminates certain disclosure requirements for nonpublic entities. For entities that are currently applying the standards for accounting for uncertainty in income taxes, this update shall be effective for interim and annual periods ending after September 15, 2009. For those entities that have deferred the application of accounting for uncertainty in income taxes in accordance with paragraph 740-10-65-1(e), this update shall be effective upon adoption of those standards. The adoption of this standard did not have an impact on the Company's financial position and results of operations since this accounting standard update provides only implementation and disclosure amendments.

**Fair Value Measurements:** In September 2009, the FASB has published ASU 2009-12, *"Fair Value Measurements and Disclosures (Topic 820) – Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)"*. This ASU amends Subtopic 820-10, *"Fair Value Measurements and Disclosures – Overall"*, to permit a reporting entity to measure the fair value of certain investments on the basis of the net asset value per share of the investment (or its equivalent). This ASU also requires new disclosures, by major category of investments including the attributes of investments within the scope of this amendment to the Codification. The guidance in this Update is effective for interim and annual periods ending after December 15, 2009. Early application is permitted. The adoption of this standard did not have any impact on the Company's financial position and results of operations.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)

**Transfers of Financial Assets:** In December 2009, the FASB has published ASU 2009-16 "*Transfers and Servicing (Topic 860): Accounting for Transfers of Financial Assets*." ASU 2009-16 is a revision to ASC 860, "*Transfers and Servicing*," and amends the guidance on accounting for transfers of financial assets, including securitization transactions, where entities have continued exposure to risks related to transferred financial assets. ASU 2009-16 also expands the disclosure requirements for such transactions. This ASU will become effective for us on April 1, 2010. The adoption of this standard did not have any impact on the Company's financial position and results of operations.

**Fair Value Measurements:** In January 2010, the FASB has published ASU 2010-06 "*Fair Value Measurements and Disclosures (Topic 820): - Improving Disclosures about Fair Value Measurements*." ASU No. 2010-06 clarifies improve disclosure requirement related to fair value measurements and disclosures – Overall Subtopic (Subtopic 820-10) of the FASB Accounting Standards Codification. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure about purchase, sales, issuances, and settlement in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The amendments in this Update are effective for interim and annual periods ending on or after December 15, 2009, and should be applied on a retrospective basis. The adoption of this standard did not have a material impact on the Company's consolidated financial position and results of operations.

**Allowance for Credit Losses:** In July 2010, the FASB issued ASU No. 2010-20 "*Receivables*" (Topic 310). ASU No. 2010-20 provides financial statement users with greater transparency about an entity's allowance for credit losses and the credit quality of its financing receivables. This update is intended to provide additional information to assist financial statement users in assessing an entity's credit risk exposures and evaluating the adequacy of its allowance for credit losses. The amendments in this update apply to both public and nonpublic entities with financing receivables, excluding short-term trade accounts receivable or receivables measured at fair value or lower of cost or fair value. The objective of the amendments in ASU No. 2010-20 is for an entity to provide disclosures that facilitate financial statement users' evaluation of (1) the nature of credit risk inherent in the entity's portfolio of financing receivables, (2) How that risk is analyzed and assessed in arriving at the allowance for credit losses and (3) The changes and reasons for those changes in the allowance for credit losses. The entity must provide disclosures about its financing receivables on a disaggregated basis. For public entities ASU No. 2010-20 is effective for interim and annual reporting periods ending on or after December 15, 2010. For nonpublic entities ASU No. 2010-20 will become effective for annual reporting periods ending on or after December 15, 2011. The Company's is currently evaluating the impact on the financial statements of the adoption of ASU No. 2010-20.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)

The Financial Accounting Standards Board (the "FASB") has codified a single source of U.S. Generally Accepted Accounting Principles (GAAP), the Accounting Standards Codification™. Unless needed to clarify a point to readers, we will refrain from citing specific section references when discussing application of accounting principles or addressing new or pending accounting rule changes. There are no recently issued accounting standards that are expected to have a material effect on our financial condition, results of operations or cash flows.

A variety of proposed or otherwise potential accounting standards are currently under study by standard-setting organizations and various regulatory agencies. Because of the tentative and preliminary nature of these proposed standards, management has not determined whether implementation of such proposed standards would be material to the Company's financial statements.

Other ASUs not effective until after December 31, 2010, are not expected to have a significant effect on the Company's financial position or results of operations.

NOTE 3—PURCHASED CONTRACTS – PLEDGED

Purchased contracts for December 31, consisted of the following:

	<u>2010</u>	<u>2009</u>
Contracts Receivable	\$ 9,792,996	\$ 13,784,069
Unearned discount	(228,423)	(336,789)
Net Contract Receivables	<u>\$ 9,564,573</u>	<u>\$ 13,447,280</u>

The sales contracts are purchased from various approved dealers shortly after the dealer has sold and financed the sale of a truck. In most cases, a minimum down payment of 20% is required. The typical term of any contract purchased by the Company is between 24 to 48 months with typically a 30% annual interest rate.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 4—NON-PERFORMING CONTRACTS

Non-performing contracts consist of the following as of December 31:

	<u>2010</u>	<u>2009</u>
Repossessed inventory on hand	\$ 1,943,516	\$ 4,147,968
Insurance	80,995	36,095
Litigation	157,906	167,036
Bankruptcy	<u>1,324,319</u>	<u>1,205,942</u>
Balance at end of year	<u>\$ 3,506,736</u>	<u>\$ 5,557,041</u>

NOTE 5—PROVISION FOR CONTRACT LOSSES

Changes in the provision for possible contract losses as of December 31:

	<u>2010</u>	<u>2009</u>
Balance at beginning of year	\$ 4,977,825	\$ 3,494,926
Additions	2,863,452	6,467,848
Write-off	<u>(4,569,975)</u>	<u>( 4,984,949)</u>
Balance at end of year	<u>\$ 3,271,302</u>	<u>\$ 4,977,825</u>

Total non-performing contracts at December 31, 2010 and 2009 were \$3,506,736 and \$5,557,042 respectively. Total reserve for losses is allocated to these contracts at December 31, 2010 and 2009 were \$3,271,302 and \$4,977,852 respectively. The company did not recognize any interest income on non-performing contracts during 2010 and 2009.

NOTE 6 – NOTES RECEIVABLE – RELATED PARTY

The Company paid for certain costs on behalf of a shareholder of the Company and recorded these costs as notes receivable from the shareholder. These costs were incurred for transactions between the shareholder and a corporation with common ownership by such shareholder. The notes are non-interest bearing, and due upon demand. The balance due to the Company from such shareholder was \$6,807 as of December 31, 2010.

# CONCORDIA FINANCING COMPANY, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

### NOTE 7- FURNITURE AND EQUIPMENT

Furniture and equipment, net at December 31, consist of the following:

	<u>Years</u>	<u>2010</u>	<u>2009</u>
Vehicles	5	\$ 89,269	\$ 41,023
Furniture and equipment	5-7	657,689	652,690
Total furniture and equipment		<u>746,958</u>	<u>693,713</u>
Less: accumulated depreciation		<u>(585,938)</u>	<u>( 504,497)</u>
Net furniture and equipment		<u>\$ 161,020</u>	<u>\$ 189,216</u>

The depreciation expense for the years ended December 31, 2010 and 2009 was \$81,441 and \$82,085, respectively.

### NOTE 8 -NOTES PAYABLE

The notes payable balance of \$2,447,092 represents unsecured notes bearing an interest rate of 10% to 15%. Interest is payable monthly or added to the principal balance at the investor's option. The notes are typically written for a two-year term. The notes payable also includes those notes held by related parties totaling \$650,591.

During January 2009, the Company commenced an internal review of its operational and financial position and determined that it would halt the accrual and payment of interest on the Investor Portfolio Notes and Note Payable so that the Company can operate successfully to maximize the return of principal to the Investor Portfolio Note holders and Note Payables.

Subsequently, the Company solicited investors to enter into an amendment to the Sales and Servicing Agreement and to the Promissory Note to formally terminate Concordia's liability and obligation to make any interest payments and to commence monthly repayments of principal effective February 1, 2009. The monthly principal repayments are equal to approximately 1% of the principal balance of the underlying obligation as of January 31, 2009.

As of May 31, 2011, 100% of Promissory Note holders have entered into the Amendment to Promissory Note.



CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 9- INVESTOR PORTFOLIO

Investor portfolio balance of \$22,343,585 represents purchases of contracts, made by private parties, under the Company's sales and servicing agreements. These contracts do not qualify as complete sales for accounting purposes and are therefore treated as secured borrowings. Under the terms of the agreements, the purchasers received a fixed interest rate of 10% to 15% on their purchases. This return is paid monthly and reported as interest expense in the accompanying statement of operations.

During January 2009, the Company commenced an internal review of its operational and financial position and determined that it would halt the accrual and payment of interest on the Investor Portfolio Notes and Note Payable so that the Company can operate successfully to maximize the return of principal to the Investor Portfolio Note holders and Note Payables.

Subsequently, the Company solicited investors to enter into an amendment to the Sales and Servicing Agreement and to the Promissory Note to formally terminate Concordia's liability and obligation to make any interest payments and to commence monthly repayments of principal effective February 1, 2009. The monthly principal repayments are equal to approximately 1% of the principal balance of the underlying obligation as of January 31, 2009. As of May 31, 2011, Investor Portfolio Note holders owning approximately 95.35% principal balance of the underlying obligation have entered into the Amendment to Sales of Contracts and Servicing Agreement.

NOTE 10 – NOTE PAYABLE – OTHER

The Company has an obligation to Citrus Motors Ontario, Inc. bearing interest at 6.90%. The loan is payable in monthly installments of \$558, including interest, and is collateralized by a vehicle Ford Edge 2011.

Loans maturities for each of the five years following December 31, 2010, are as follows:

2011:	\$ 4,956
2012:	5,309
2013:	5,687
2014:	6,092
2015	<u>5,086</u>
	\$ 27,130

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 11 - INCOME TAXES

The provision (benefit) for income taxes from continued operations for the years ended December 31, 2010 and 2009 consist of the following:

	December 31,	
	2010	2009
Current:		
Federal	\$ -	\$ -
State	-	-
	-	-
Deferred:		
Federal	\$ 1,363,660	\$ 1,503,943
State	353,718	390,144
	<u>1,717,378</u>	<u>1,894,087</u>
Benefit from the operating loss carry forward	-	-
(Benefit) provision for income taxes, net	\$ <u>(1,717,378)</u>	\$ <u>(1,894,087)</u>

The difference between income tax expense computed by applying the federal statutory corporate tax rate and actual income tax expense is as follows:

	December 31,	
	2010	2009
Statutory federal income tax rate	34.0%	34.0%
State income taxes and other	<u>8.9%</u>	<u>8.9%</u>
Effective tax rate	<u>42.9%</u>	<u>42.9%</u>



# CONCORDIA FINANCING COMPANY, LTD

## NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

### NOTE 11 - INCOME TAXES - (Continued)

Deferred income taxes result from temporary differences in the recognition of income and expenses for the financial reporting purposes and for tax purposes. The tax effect of these temporary differences representing deferred tax asset and liabilities result principally from the following:

	December 31,	
	2010	2009
Reserve for contract losses and Net operating loss carry forward	\$ 1,706,263	\$ 1,882,696
Depreciation and amortization	11,115	11,391
Valuation allowance	(1,717,378)	(1,894,087)
Deferred income tax asset	\$ -	\$ -

The Company has a net operating loss carry forward of approximately \$6,000,000 available to offset future taxable income through 2020. There was a 100% valuation allowance at December 31, 2010 and 2009.

### NOTE 12 - CONTINGENCIES AND COMMITMENTS

#### Lease Commitments

The Company possesses premises under a non-cancelable operating lease expiring on October 31, 2011 and entered into a new non non-cancelable operating lease expiring on December 31, 2016. At December 31, 2010, the approximate future minimum rental commitments under this lease are as follows:

2011:	\$271,934
2012:	99,492
2013:	101,400
2014:	87,960
2015	<u>108,720</u>
	\$ 669,506

Total rental payments under the lease agreement amounted to \$275,880 and \$288,989 for the years ended in December 31, 2010 and 2009 respectively.

CONCORDIA FINANCING COMPANY, LTD

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated all activities of the Company through the issuance date of the Company's financial statements and concluded that no subsequent events have occurred that would require adjustments or disclosures in the financial statements.

Asserted Claims

The company is a defendant in a lawsuit filed by GRE Empire Towers LP, a Delaware limited partnership (GRE) for a San Bernardino County Superior Court for breach of contract regarding a lease agreement for office space. The suit asks for damages totaling \$250,000. Outside counsel for the company has advised that at this stage in the proceedings he cannot offer an opinion as to the probable outcome. On May 23, 2011, the company received a settlement communication from GRE's counsel for a total amount of \$200,000. The company has not accepted this proposal, however, management believes the suit will reach settlement or be litigated during the third quarter of 2011. The Company cannot predict the ultimate outcome of this matter and the impact on its future financial condition or results of operations.

**CONCORDIA FINANCING CO., LTD.**  
**BALANCE SHEET**

FISCAL YEAR ENDEING DECEMBER 31, 2011

PRELIMINARY & UNAUDITED

CONFIDENTIAL INFORMATION

	FISCAL YEAR ENDED <u>12/31/11</u>
ASSETS	
TOTAL CASH	224,365
PURCHASED CONTRACTS (LOAN PORTFOLIO)	
PLEDGED PURCHASED CONTRACTS, NET	6,407,956
NON PERFORMING ACCOUNTS	1,438,096
LESS: PROVISION FOR LOSSES	<u>(1,433,113)</u>
NET PURCHASED CONTRACTS:	6,412,940
ACCRUED INTEREST RECEIVABLE	228,031
DEFERRED TAX ASSET	7,705,244
TOTAL OTHER CURRENT ASSETS	173,649
PROPERTY PLANT AND EQUIPMENT, NET	91,418
TOTAL ASSETS	<u><u>14,835,647</u></u>
CURRENT LIABILITIES	
HOLDERS' EQUITY	
TOTAL ACCOUNTS PAYABLE	35,456
NOTES PAYABLE	1,996,393
INVESTOR PORTFOLIO (SECURED NOTES)	<u>19,116,689</u>
TOTAL LONG TERM LIABILITIES	21,113,082
TOTAL LIABILITIES	21,148,539
STOCK HOLDERS EQUITY	
COMMON STOCK	420,112
RETAINED EARNINGS	(6,736,757)
PROFIT (LOSS) FOR PERIOD	<u>3,754</u>
TOTAL STOCK HOLDERS EQUITY	<u>(6,312,891)</u>
TOTAL STOCK HOLDERS EQUITY AND LIABILITIES	<u><u>14,835,647</u></u>

C000158

**CONCORDIA FINANCING CO., LTD.**  
**STATEMENT OF EARNINGS**

**FISCAL YEAR ENDEING DECEMBER 31, 2011**  
**PRELIMINARY & UNAUDITED**

**CONFIDENTIAL INFORMATION**

	<b>FISCAL YEAR ENDED</b> <b><u>12/31/11</u></b>
<b>REVENUE</b>	
CONTRACT INTEREST	2,165,260
CONTRACT FEES (NON-CASH)	53,000
DISCOUNT EARNED (NON-CASH)	246,788
MISCELLANEOUS INCOME	<u>65,247</u>
<b>TOTAL REVENUE</b>	<b>2,530,295</b>
<b>COST OF OPERATIONS</b>	
OFFICE EXPENSES	196,716
PAYROLL	739,739
COST OF RECOVERY	<u>149,370</u>
<b>TOTAL COST OF OPERATIONS</b>	<b>1,085,824</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	
GENERAL AND ADMINISTRATION	72,326
TAXES	4,241
INSURANCE	23,235
PROFESSIONAL SERVICES	514,003
DEPRECIATION EXPENSE	76,648
BAD DEBTS	758,055
OTHER	<u>8,807</u>
<b>TOTAL GENERAL AND ADMINISTRATION</b>	<b>1,457,314</b>
INTEREST INCOME	238
<b>EARNINGS BEFORE TAXES</b>	<b>12,000</b>
GAIN/(LOSS) ON SALE OF ASSET	(4,286)
	(74)
PROVISION FOR TAXES - FEDERAL	-
PROVISION FOR TAXES - STATE	3,754
<b>NET PROFIT (LOSS)</b>	<b><u><u>3,754</u></u></b>

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**CONCORDIA FINANCING CO., LTD.**  
**INCOME STATEMENT**

11 Months Ending November 30, 2012

PRELIMINARY & UNAUDITED

CONFIDENTIAL INFORMATION

	11 MONTH ENDED <u>11/30/12</u>
<u>REVENUE</u>	
CONTRACT INTEREST	1,256,632
CONTRACT FEES (NON-CASH)	25,000
DISCOUNT EARNED (NON-CASH)	138,301
MISCELLANEOUS INCOME	<u>41,297</u>
<b>TOTAL REVENUE</b>	<b>1,461,229</b>
 <u>COST OF OPERATIONS</u>	
TOTAL OFFICE EXPENSES	103,001
TOTAL PAYROLL	511,216
TOTAL COST OF RECOVERY	<u>72,572</u>
<b>TOTAL COST OF OPERATIONS</b>	<b>686,790</b>
 <u>GENERAL AND ADMINISTRATIVE EXPENSES</u>	
<b>TOTAL GENERAL AND ADMINISTRATION</b>	<b>230,923</b>
 PERSONAL PROPERTY TAX	1,800
LICENSE FEES	<u>1,910</u>
<b>TOTAL TAXES</b>	<b>3,710</b>
 <u>INSURANCE</u>	
GENERAL LIABILITY INSURAN	3,082
OTHER INSURANCE	<u>13,600</u>
<b>TOTAL INSURANCE</b>	<b>16,682</b>
 <u>PROFESSIONAL SERVICES</u>	
<b>TOTAL PROFESSIONAL SERVICES</b>	<b>275,782</b>
 <b>TOTAL DEPRECIATION EXPENS</b>	<b><u>35,575</u></b>
 <b>TOTAL OTHER G &amp; A EXPENSES</b>	<b>69,660</b>
 <b>TOTAL GENERAL AND ADMINISTRATION</b>	<b><u>632,333</u></b>
 INTEREST INCOME	338
 <b>EARNINGS BEFORE TAXES</b>	<b><u>142,445</u></b>
 PROVISION FOR TAXES - FEDERAL	48,431
PROVISION FOR TAXES - STATE	<u>13,402</u>
<b>NET PROFIT (LOSS)</b>	<b><u><u>80,611</u></u></b>

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**CONCORDIA FINANCING CO., LTD.**  
**BALANCE SHEET**

11 Months Ending November 30, 2012  
PRELIMINARY & UNAUDITED

CONFIDENTIAL INFORMATION

ASSETS	<u>11/30/12</u>	<u>Pro Forma (a)</u>	<u>11/30/2012 (a)</u>
TOTAL CASH	(191,494) (b)		(191,494) (b)
PURCHASED CONTRACTS (LOAN PORTFOLIO)			
PLEDGED PURCHASED CONTRACTS, NET	4,157,940		4,157,940
NON PERFORMING ACCOUNTS	608,401		608,401
LESS: PROVISION FOR LOSSES	<u>(664,537)</u>		<u>(664,537)</u>
NET PURCHASED CONTRACTS:	4,101,804		4,101,804
ACCRUED INTEREST RECEIVABLE	52,396		52,396
DEFERRED TAX ASSET	7,644,224	(7,644,224)	-
TOTAL OTHER CURRENT ASSETS	89,101		89,101
PROPERTY PLANT AND EQUIPMENT, NET	60,187		60,187
TOTAL ASSETS	<u>11,756,219</u>	<u>(7,644,224)</u>	<u>4,111,995</u>
CURRENT LIABILITIES			
TOTAL ACCOUNTS PAYABLE	37,549		37,549
NOTES PAYABLE	1,789,965	(1,217,182)	572,784
INVESTOR PORTFOLIO (SECURED NOTES)	<u>16,160,984</u>	<u>(15,095,804)</u>	<u>1,065,181</u>
TOTAL LONG TERM LIABILITIES	17,950,950	(16,312,985)	1,637,964
TOTAL LIABILITIES	17,988,498	(16,312,985)	1,675,513
STOCK HOLDERS EQUITY			
COMMON STOCK	420,112		420,112
RETAINED EARNINGS	(6,733,003)	8,668,761	1,935,758
PROFIT (LOSS) FOR PERIOD	<u>80,611</u>		<u>80,611</u>
TOTAL STOCK HOLDERS EQUITY	(6,232,280)	8,668,761	2,436,482
TOTAL STOCK HOLDERS EQUITY AND LIABILITIES	<u>11,756,219</u>	<u>(7,644,224)</u>	<u>4,111,995</u>

(a) Pro forma to reflect the executed 2nd Amendments as of December 7, 2012, by beneficial note holders.

(b) Cash Balance reflects checks outstanding.

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**CONCORDIA FINANCING CO., LTD.**  
**BALANCE SHEET**

FISCAL YEAR ENDEING DECEMBER 31, 2013

PRELIMINARY & UNAUDITED

**CONFIDENTIAL INFORMATION**

	FISCAL YEAR ENDED <u>12/31/13</u>
ASSETS	
TOTAL CASH	72,773
PURCHASED CONTRACTS (LOAN PORTFOLIO)	
PLEGDED PURCHASED CONTRACTS, NET	3,336,292
NON PERFORMING ACCOUNTS	330,462
LESS: PROVISION FOR LOSSES	<u>(437,989)</u>
NET PURCHASED CONTRACTS:	3,228,766
ACCRUED INTEREST RECEIVABLE	47,433
DEFERRED TAX ASSET	873,767
TOTAL OTHER CURRENT ASSETS	57,629
TOTAL PROPERTY PLANT AND EQUIPMENT	534,053
PROPERTY PLANT AND EQUIPMENT, NET	29,393
TOTAL ASSETS	<u><u>4,309,760</u></u>
CURRENT LIABILITIES	
HOLDERS' EQUITY	
TOTAL ACCOUNTS PAYABLE	23,844
NOTES PAYABLE	579,119
INVESTOR PORTFOLIO (SECURED NOTES)	<u>421,388</u>
TOTAL LONG TERM LIABILITIES	1,000,507
TOTAL LIABILITIES	1,024,351
STOCK HOLDERS EQUITY	
COMMON STOCK	420,112
RETAINED EARNINGS	2,985,190
PROFIT (LOSS) FOR PERIOD	<u>(119,893)</u>
TOTAL STOCK HOLDERS EQUITY	3,285,409
TOTAL STOCK HOLDERS EQUITY AND LIABILITIES	<u><u>4,309,760</u></u>

**CONCORDIA FINANCING CO., LTD.****CONFIDENTIAL II****STATEMENT OF EARNINGS****FISCAL YEAR ENDEING DECEMBER 31, 2013****PRELIMINARY & UNAUDITED****FISCAL YEAR ENDED****12/31/13****REVENUE**

CONTRACT INTEREST	1,018,884
CONTRACT FEES (NON-CASH)	32,500
DISCOUNT EARNED (NON-CASH)	124,561
MISCELLANEOUS INCOME	26,343
<b>TOTAL REVENUE</b>	<b>1,202,287</b>

**COST OF OPERATIONS**

OFFICE EXPENSES	128,768
PAYROLL	496,019
COST OF RECOVERY	29,356
<b>COST OF OPERATIONS</b>	<b>654,144</b>

**GENERAL AND ADMINISTRATIVE EXPENSES**

GENERAL AND ADMINISTRATION	191,354
TAXES	3,147
INSURANCE	7,002
PROFESSIONAL SERVICES	344,269
DEPRECIATION EXPENSE	34,100
BAD DEBTS	58,594
OTHER	6,982
<b>TOTAL GENERAL AND ADMINISTRATION</b>	<b>645,448</b>

<b>INTEREST INCOME</b>	<b>407</b>
<b>EARNINGS BEFORE TAXES</b>	<b>(96,898)</b>
<b>GAIN ON EXTINGUISHMENT OF DEBT</b>	<b>(64,376)</b>
<b>PROVISION FOR TAXES - FEDERAL</b>	<b>(32,945)</b>
<b>PROVISION FOR TAXES - STATE</b>	<b>(8,435)</b>
<b>NET PROFIT (LOSS)</b>	<b>(119,893)</b>

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**CONCORDIA FINANCE  
STATEMENT OF EARNINGS**

FYE DECEMBER 31, 2014 & YTD MARCH 31, 2015  
PRELIMINARY & UNAUDITED

**CONFIDENTIAL INFORMATION**

	<b>FISCAL YEAR ENDED 12/31/14</b>	<b>THREE MONTHS ENDED 03/31/15</b>
<u>REVENUE</u>		
CONTRACT INTEREST	899,254	219,689
CONTRACT FEES	26,500	6,500
DISCOUNT EARNED	103,448	24,049
MISCELLANEOUS INCOME	18,399	3,621
<b>TOTAL REVENUE</b>	<b>1,047,600</b>	<b>253,859</b>
<u>COST OF OPERATIONS</u>		
INTEREST EXPENSE	558,141	45,787
<b>TOTAL COST OF MONEY</b>	<b>558,141</b>	<b>45,787</b>
<b>GROSS PROFIT</b>	<b>489,459</b>	<b>208,072</b>
<u>COST OF OPERATIONS</u>		
OFFICE EXPENSES	144,827	47,837
PAYROLL	509,482	126,504
COST OF RECOVERY	6,809	3,993
<b>TOTAL COST OF OPERATIONS</b>	<b>661,118</b>	<b>178,334</b>
<u>GENERAL AND ADMINISTRATIVE EXPENSES</u>		
GENERAL AND ADMINISTRATION	70,988	24,882
TAXES	1,510	2,321
INSURANCE	7,243	1,776
ACCOUNTING SERVICES	18,500	10,000
LEGAL SERVICES	95,055	16,545
N/P LITIGATION RESERVE - PLAINTIFFS LEGAL	250,000	-
N/P LITIGATION RESERVE - CONCORDIA LEGAL	150,000	-
ACC LITIGATION RESERVE - CONCORDIA LEGAL	77,500	-
ER LITIGATION RESERVE - CONCORDIA LEGAL	30,000	-
OTHER LITIGATION RESERVE - CONCORDIA LEGAL	60,000	-
CONSULTING SERVICES	126,500	31,500
OTHER PROFESSIONAL SERVICES	24,810	1,890
DEPRECIATION EXPENSE	15,269	3,811
BAD DEBTS	150,874	56,922
OTHER	8,351	3,433
<b>TOTAL GENERAL AND ADMINISTRATION</b>	<b>1,086,600</b>	<b>153,080</b>
INTEREST INCOME	633	92
<b>EARNINGS BEFORE TAXES</b>	<b>(1,257,626)</b>	<b>(123,249)</b>
GAIN/(LOSS) ON SALE OF ASSET	-	-
<b>NET PROFIT (LOSS)</b>	<b>(1,257,626)</b>	<b>(123,249)</b>

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**CONCORDIA FINANCE**  
**BALANCE SHEET**  
FYE DECEMBER 31, 2014 & YTD MARCH 31, 2015  
PRELIMINARY & UNAUDITED

CONFIDENTIAL INFORMATION

<u>ASSETS</u>	FISCAL YEAR ENDED <u>12/31/14</u>	THREE MONTHS ENDED <u>03/31/15</u>
TOTAL CASH	113,615	31,273
<b>PURCHASED CONTRACTS PERFORMING</b>		
PURCHASED CONTRACTS PERFORMING, NET	3,217,401	3,222,711
LESS: PROVISION FOR LOSSES PERFORMING	(204,635)	(226,893)
<b>NET PURCHASED CONTRACTS:</b>	<u>3,012,766</u>	<u>2,995,817</u>
<b>PURCHASED CONTRACTS NON PERFORMING</b>		
NON PERFORMING CONTRACTS	203,557	265,964
LESS: PROVISION FOR LOSSES NON PERFORMING	(170,473)	(218,270)
<b>NET NON PERFORMING CONTRACTS:</b>	<u>33,084</u>	<u>47,694</u>
ACCRUED INTEREST RECEIVABLE	53,698	55,918
DEFERRED TAX ASSET	880	1,700
TOTAL OTHER CURRENT ASSETS	26,884	41,969
PROPERTY PLANT AND EQUIPMENT, NET	22,539	24,307
<b>TOTAL ASSETS</b>	<u><u>3,263,467</u></u>	<u><u>3,198,679</u></u>
<u>LIABILITIES</u>		
<b>CURRENT LIABILITIES</b>		
TOTAL ACCOUNTS PAYABLE	1,461	14,137
N/P LITIGATION RESERVE - PLAINTIFFS LEGAL	250,000	250,000
N/P LITIGATION RESERVE - CONCORDIA LEGAL	150,000	150,000
ACC LITIGATION RESERVE - CONCORDIA LEGAL	77,500	77,500
ER LITIGATION RESERVE - CONCORDIA LEGAL	30,000	30,000
OTHER LITIGATION RESERVE - CONCORDIA LEGAL	60,000	60,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>568,961</u>	<u>581,638</u>
<b>LONG TERM LIABILITIES</b>		
NOTES PAYABLE	579,120	579,119
ACCRUED INTEREST	412,674	446,232
SECURED NOTES	293,229	293,229
ACCRUED INTEREST	145,467	157,695
<b>TOTAL LONG TERM LIABILITIES</b>	<u>1,430,491</u>	<u>1,476,275</u>
<b>TOTAL LIABILITIES</b>	<u>1,999,451</u>	<u>2,057,913</u>
<u>STOCK HOLDERS EQUITY</u>		
COMMON STOCK	420,112	420,112
RETAINED EARNINGS	2,101,530	843,904
PROFIT (LOSS) FOR PERIOD	(1,257,626)	(123,249)
<b>TOTAL STOCK HOLDERS EQUITY</b>	<u>1,264,016</u>	<u>1,140,767</u>
<b>TOTAL STOCK HOLDERS EQUITY AND LIABILITIES</b>	<u><u>3,263,467</u></u>	<u><u>3,198,679</u></u>



**STATE OF CALIFORNIA  
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY  
DEPARTMENT OF BUSINESS OVERSIGHT**

**TO:** Concordia Financing Co., Ltd.  
Kenneth Irwin Crowder  
Christopher Kenneth Crowder  
9302 Pittsburgh Ave. #220  
Rancho Cucamonga, California 91730

**AMENDED DESIST AND REFRAIN ORDER**

**(For Violations of Sections 25110 and 25401 of the Corporations Code)**

The California Commissioner of Business Oversight ("Commissioner") finds that:

1. This Amended Desist and Refrain Order amends and supersedes the Desist and Refrain Order issued by the Commissioner on October 7, 2013 ("2013 Order") as to Kenneth Crowder, Chris Crowder, and Concordia Financing Co., Ltd. only. The 2013 Order shall remain in full effect only as to David Wanzek and Michael Bersch.
2. At all relevant times herein, Concordia Financing Co., Ltd. ("Concordia Financing") is a California corporation with its last known address at 9302 Pittsburgh Ave. #220, Rancho Cucamonga, California 91730.
3. At all relevant times herein, Kenneth Irwin Crowder ("Kenneth Crowder"), was chairman of the board and chief executive officer of Concordia Financing.
4. At all relevant times herein, Christopher Kenneth Crowder ("Christopher Crowder") was president and chief operations officer of Concordia Financing. As Concordia's chief operations officer, Christopher Crowder primarily focused on internal operating procedures, growth initiatives, and issues affecting the company's viability. In the absence of the chief executive officer, Christopher Crowder signed documents from investors confirming receipt on behalf of Concordia Financing but did not directly negotiate with investors.
5. Beginning in or about 1998 and continuing through at least 2008, Concordia Financing, Kenneth Crowder, and Christopher Crowder offered and sold to investors securities in the form of investment contracts entitled "Sale of Contracts and Servicing Agreement" (hereinafter

1 "investment contracts"), which were unqualified, non-exempt securities. As of 2012, these  
2 investment contracts were sold to approximately 178 investors and totaled approximately \$18  
3 million.

4 6. These investment contracts were sold in order to purchase and service "Truck  
5 Conditional Sales Agreements" from commercial truck dealers. The "Truck Conditional Sales  
6 Agreements" were allegedly factored, sold, and assigned to investors and then serviced by  
7 Concordia Financing on behalf of investors.

8 7. These investment contracts were offered or sold in this State in issuer transactions.  
9 The Department of Business Oversight has not issued a permit or other form of qualification  
10 authorizing any person to offer or sell these securities in this State.

11 8. These investment contracts are not exempt because they were sold to unaccredited and  
12 unsophisticated investors.

13 9. In connection with the offer and sale of these investment contracts, Concordia  
14 Financing, Kenneth Crowder, and Christopher Crowder made material misrepresentations of facts  
15 and/or omitted to state material facts necessary in order to make the statements made, in light of the  
16 circumstances under which they were made, not misleading. These misrepresentations and/or  
17 omissions include the following:

18 a) Investors were told that the conditional sales contracts were less risky than investing  
19 on the stock market or maintaining a savings account or purchasing Certificates of Deposit, when in  
20 fact the conditional sales contracts were unsecured and uninsured.

21 b) Investors were told that their investments had 100% liquidity, when in fact investors  
22 attempted and were unable to withdraw their money.

23 Based on the foregoing findings, the Commissioner is of the opinion that the securities, in  
24 the form of investment contracts entitled "Sales of Contract and Servicing Agreement," that are  
25 being or have been offered or sold by Concordia Financing, Kenneth Crowder, and Christopher  
26 Crowder are securities and subject to qualification under the California Corporate Securities Law of  
27 1968 ("CSL") and are being or have been offered or sold without being qualified, in violation of  
28 California Corporations Code section 25110 of the CSL.



1 Under California Corporations Code section 25532, Concordia Financing, Kenneth  
2 Crowder, and Christopher Crowder are hereby ordered to desist and refrain from the further offer or  
3 sale of securities in the State of California, including but not limited to, the investment contracts  
4 entitled "Sale of Contracts and Servicing Agreement" described above, unless and until  
5 qualification has been made under this law or unless exempt.

6 Further, the Commissioner is of the opinion that the investment contracts entitled "Sale of  
7 Contracts and Servicing Agreement" offered or sold by Concordia Financing, Kenneth Crowder,  
8 and Christopher Crowder were offered or sold in this state by means of written or oral  
9 communications that included untrue statements of material fact or omitted to state material facts  
10 necessary to make the statements made, in light of the circumstances under which they were made,  
11 not misleading, in violation of California Corporations Code section 25401.

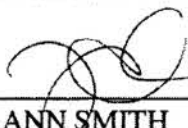
12 Under California Corporations Code section 25532, Concordia Financing, Kenneth  
13 Crowder, and Christopher Crowder are hereby ordered to desist and refrain from offering or selling  
14 or buying or offering to buy any security in the State of California, including but not limited to, the  
15 investment contracts entitled "Sale of Contracts and Servicing Agreement" described above, by  
16 means of any written or oral communication which includes an untrue statement of a material fact  
17 or omits to state a material fact necessary in order to make the statements made, in light of the  
18 circumstances under which they were made, not misleading.

19 This Order is necessary, in the public interest, for the protection of investors and consistent  
20 with the purposes, policies, and provisions of the California Corporate Securities Law of 1968.

21 Dated: October 3, 2014  
22 Los Angeles, California

JAN LYNN OWEN  
Commissioner of Business Oversight



23  
24  
25 By   
26 MARY ANN SMITH  
27 Deputy Commissioner  
28 Enforcement Division

## MEMORANDUM

**TO:** ER Financial, File # 8317  
**FROM:** Gary Clapper  
**DATE:** February 6, 2014  
**SUBJECT:** Follow up with Lisa Fuhrman  
**CC:** Stephen Womack and Julie Coleman

---

Lisa Fuhrman  
[REDACTED]

On February 6, 2014, I contacted Lisa Fuhrman ("**Fuhrman**"), to follow up on a document she sent to the Division concerning this case. The document titled "Fixed Base Income at 12% - Guaranteed", (ACC011754 – ACC011755), was given to her during the first meeting with Michael Bersch ("**Bersch**"), when the investment opportunity was presented to her. She estimated this was a couple of years prior to her actually making her first investment. She didn't know where he obtained the copy but said he has a lot of friends in the Palm Springs, CA, area.

On questioning she said she has known Bersch for nineteen years and he has never been married. She thought Bersch and David Wanzek stopped being on the board of Concordia Finance sometime in 2008 or 2009. She based this feeling on when Bersch, Butke and Wanzek broke up, when Bersch retired. She couldn't provide any statements that could verify this time frame.

ACC014404  
BERSCH

EXHIBIT

tabb  
**ER-6**  
ADMITTED

("MEMORANDUM")

TO: ER Financial, File # 8371  
FROM: Gary Clapper  
DATE: March 23, 2015  
SUBJECT: Interview with Wesley Luhr  
CC: James Burgess

---

Wesley Luhr

[REDACTED], AZ

On March 23, 2015, Staff Attorney James Burgess ("Burgess") and I interviewed Wesley Luhr ("Luhr"), concerning the investment he made with Concordia Finance ("CF"). Luhr was not aware of ER Financial ("ERF").

Luhr said he was told of the investment with Concordia and was directed to Michael Bersch ("Bersch"). Bersch had already been recommended as a CPA to do Luhr's taxes about the same time he learned of the investment. Bersch explained the investment was secured by the contracts for the trucks that were sold to truckers. During the presentation from Bersch he was told the principal invested was safe and secured by the titles to the trucks and if the trucker ever stopped paying the truck could be taken back. He thought, but wasn't sure, that the liens on the trucks were in the name of Concordia. He was further told the investment was "very liquid" and he could get his money out at any time. His friends told him they were getting 12% interest on the money they invested, but he was only given 10%. He thought the difference came in the amount of money he invested. Luhr said the interest rate was guaranteed and that was the wording that was used during the presentation. He didn't remember any discussion of risk involved with the investment. He didn't remember the statement if the contracts ever went bad that they would be replaced by contracts of equal or greater value. He said without the above mentioned wording of Guaranteed, Liquid and that his principal was safe and secure he wouldn't have invested.

Luhr said he asked Bersch if the investment was a security and Bersch said it wasn't. Luhr said he later learned Bersch received a "finder's fee" from his investment. He continued by saying depending on the amount of the "finder's fee", had he known prior to the investment, it would have made him more concerned.

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BER

EXHIBIT

ER-7

ADMITTED



Bersch also did Luhr's taxes and when it came time to do the taxes after the first year of the investment he asked Bersch about reporting the interest income. Bersch told Luhr the interest income was not being report by Concordia and told Luhr it was up to him if he wanted it listed on his taxes. Luhr told Bersch to include the interest income on his taxes because he didn't want to ever have to look over his shoulder. Luhr is a retired San Diego County Sheriff's Deputy.

I asked Luhr if anyone from Bersch's side of this matter had contacted him and he said "no." I asked Luhr if he still has the same phone number he had when he dealt with Bersch and he said he changed his home phone number in approximately 2008 but has had the same cell phone number for a number of years including the time he dealt with Bersch. Luhr said that when he learned that Bersch was doing what he described as "payroll", which was the disbursements to investors, he stopped using Bersch to do his taxes. He said he saw paperwork on a desk in Bersch's office with this information. He was not exactly sure what the relationship between Bersch and Concordia was.

Luhr said he would testify if the matter goes to hearing.

## MEMORANDUM

**TO:** ER Financial, file # 8371  
**FROM:** Gary Clapper  
**DATE:** October 12, 2012  
**SUBJECT:** Interview with Andrea MacKay  
**CC:** Stephen Womack and Robert Eckert

Andrea MacKay (Trustee of Landon B. Phillips trust)

[REDACTED], MD  
[REDACTED] Office  
anm@

On October 10<sup>th</sup>, 2012, I interviewed Andrea MacKay ("**MacKAY**") regarding her father's investment with Concordia Financial ("**CONCORDIA**"). MacKay is the daughter of Landon B. Phillips ("**PHILLIPS**") and is the trustee of his trust. Phillips died on March 1, 2011 at the age of 83.

MacKay said her father had spoken with her over the years about the investment he made with Concordia. She knew the investment involved subprime truck loans with purchasers that didn't have good credit at high interest rates. MacKay knew the original interest rate was 12% and that her father invested a total of \$456,000. Phillip first invested in 1999 through David Wanzek who was his tax advisor / preparer. She didn't know what Wanzek would have received for bringing her father into the investment. In going through his paperwork when he passed away she found an amendment changing the original contract for the investment to just paying principle. A second amendment that she signed as the trustee then reduced the principle by 55% which brought the amount owed to \$260,567.95. MacKay said she signed the last amendment to try to keep the payments coming in so the entire principle would not be lost to the trust.

She didn't find much of the paperwork involved with the investment due to actions taken by Christine Himler. MacKay explained that Himler had started helping her father about eight years ago and would come in once a week to wash clothes and clean. About four years ago her father had to move to an assisted living center and Himler continued with him at her father's request. Before the move to the assisted living center Himler destroyed a number of Phillip's files. Just prior to her father passing away MacKay found that Himler had been using her father's credit cards and checking account without his knowledge. The total loss to her father by the theft of Himler is approximately \$60,000. Himler has been indicted by the Mohave County

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BERSON

EXHIBIT

ER-8  
ADMITTED

Attorney's Office for the charges, but MacKay thinks that is why the files were destroyed including the investment files.

MacKay contacted Wanzek about the investment with Concordia and Wanzek denied knowing anything about Concordia or the investment with the company. MacKay was not aware Wanzek was once on the board of Concordia.

MacKay said that her father might have been an accredited investor by net worth at the time of the investment but she will have to go back in what records she has to try to determine if he was.

MacKay is going to send the Division copies of any documents she has pertaining to the investment and try to go back in what financial records she has to determine how much he might have been paid back over the years. She said she is receiving \$4,565 a month since she signed to last amendment to the contract. The last payment she received was a couple of weeks prior to this interview.

03/25/15 @ 2:04pm left message for a return

Questions for Investors in Concordia / ER Finance

INVESTIGATOR D. MORIN DATE 03/11/2015  
INVESTOR Phillips Living Trust  
London B. (c/o Andrea Mackay) PHONE [REDACTED]  
ADDRESS [REDACTED] CITY [REDACTED]  
STATE MD E-Mail Am3@ [REDACTED]

1. How did you learn about the investment opportunity in Concordia/ ER Finance? original  
Father made original investment passed away in 2011 \$400,000  
trust

12 1/2 per yr  
nothing on  
principle  
year later  
received  
letter say  
they could  
no longer  
pay interest  
only principle  
monthly  
months later  
they were told  
the investment  
was going down  
to 50% payable  
if principle

2. Who was the salesperson [Michael Bersch, David Wanzek, Linda Wanzek or  
someone else]? Circle name, (or) was father's accountant, he introduced him to the  
investment. Wanzek denied selling her father about the investment

3. Before you invested, did the salesperson show you any materials? If so, what  
were they? UNK

a. Did you see the Powerpoint printout I emailed to you (ACC004304-4314)?

Y ( ) N ( ) UNK (X)

Who showed it to you [Michael Bersch, David Wanzek, Linda Wanzek or  
someone else] Circle name, (or) UNK

\*If so, what information, if any, in the Powerpoint printout made you think this  
would be a good investment?

11 month  
of payments  
no money  
for the remaining  
four years

1. "Safety of Principal"? Y ( ) N ( ) UNK (X)  
2. "Higher Guaranteed Interest Rate"? Y ( ) N ( ) UNK (X)  
3. "Liquidity"? Y ( ) N ( ) UNK (X)  
4. "Concordia guarantees to replace any nonperforming contract with one of  
equal or greater value"? Y ( ) N ( ) UNK (X)  
5. "Servicing Agreements pay a guaranteed [10% or 12%]" Y ( ) N ( ) UNK (X)  
6. "Servicing Agreements provide a safety of principal guarantee and 100%  
liquidity in the event of emergency need"? Y ( ) N ( ) UNK (X)  
7. "Higher guaranteed yield to offset inflation, safety of principal backed by  
collateral and 100% liquidity...."? Y ( ) N ( ) UNK (X)  
8. "You can double your guaranteed interest rate of return without  
sacrificing safety of principal guaranteed or liquidity"? Y ( ) N ( ) UNK (X)

by the time the trust was distributed there was no more assets left in  
Concordia

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BERSCH

EXHIBIT

ER-9  
ADMITTED

If they didn't see the powerpoint were they told the above words during the presentation and by whom. Y( ) N(~~X~~) [Michael Bersch, David Wanzek, Linda Wanzek or someone else] Circle name, (or) \_\_\_\_\_

b. Did you see first flowchart I emailed to you (ACC004301)? Y( ) N(~~X~~) U( )  
i. If so, what information, if any, in the flowchart made you think this would be a good investment? \_\_\_\_\_

i. "Product approved by Kansas City Life Ins., Broker Sunset Financial"?  
Y( ) N( ) U(~~X~~)

c. Did you see second flowchart I emailed to you (ACC004825)? Y( ) N( ) U(~~X~~)  
i. If so, what information, if any, in the flowchart made you think this would be a good investment? \_\_\_\_\_

i. "Product approved by Kansas City Life Ins., Broker Sunset Financial"?  
Y( ) N( ) U(~~X~~)

4. Did the salesperson [Michael Bersch, David Wanzek, or Linda Wanzek or someone else] use the words "guaranteed" or "liquid" in describing the investment to you?  
Y( ) N( ) U(~~X~~) / Circle name, (or) \_\_\_\_\_

5. Did the salesperson [Bersch, David Wanzek, or Linda Wanzek] inform you of any potential risk(s) of the investment? Y( ) N( ) U(~~X~~)

6. In deciding to invest, did you rely on:

- a. Powerpoint? Y( ) N(~~X~~)
- b. First or Second Flowchart? Y( ) N(~~X~~)
- c. The description of the investment as "guaranteed"? Y( ) N(~~X~~)
- d. The description of the investment as "liquid"? Y( ) N(~~X~~)

7. Did the salesperson [Bersch, David Wanzek, or Linda Wanzek or someone else] know your ability to withstand a loss of your investment? Y( ) N( ) U(~~X~~)  
Circle name, (or) \_\_\_\_\_

## MEMORANDUM

TO: ER Financial, file # 8371  
FROM: Gary Clapper  
DATE: April 8, 2013  
SUBJECT: Interview with Theresa Patricola  
CC: Stephen Womack and Robert Eckert

Theresa Patricola  
[REDACTED]  
[REDACTED] AZ  
tpatricola@[REDACTED]  
[REDACTED]

On March 14, 2013, I interviewed Theresa Patricola ("PATRICOLA") regarding the investment she made with Concordia Financial ("CONCORDIA") through Michael Bersch ("BERSCH"). Patricola invested a total of \$150,000 and did receive monthly checks for the interest for a short period of time.

Patricola said she has known Bersch for a number of years and he approached her about the investment. She was told the investment was in truck contracts through Concordia. Concordia was supposed to sell the trucks to "high" risk people who didn't have good credit. She said if one of the contracts failed, that contract was to be replaced with another contract. She understood there was some risk with the investment and it wasn't secured; accept if something went wrong, the trucks could be sold. She was supposed to receive 10% interest yearly on the investment. She didn't receive a prospectus prior to or after the investment.

Patricola made two investments. The first investment was for \$100,000 in April 2008, and the second for \$50,000 in November 2008. She received the monthly interest payments every month without any problem. In March 2009, she received the first of two amendments to the original contract that stated all further payments would be applied to principle and there wouldn't be any further interest payments. She contacted Bersch who told her he couldn't deal with the issue and she would have to contact Chris Crowder ("CROWDER") at Concordia. She was told because of the downturn in the economy, this step was necessary. When she received the second amendment to the original contract she said she felt duped. This amendment reduced the amount of the remaining principle balance she could receive in return. Since the time of the investment was close to the time of the amendments, she had the feeling she was duped into this

ACC014410  
BERSCH

EXHIBIT

tabler  
ER-10  
ADMITTED

investment. She also felt the second amendment was illegal, because she felt forced into signing it or she would receive anything further in return. This amendment came out in December 2011.

Patricola said she never saw any of the truck contracts. She understood if one of the contracts went into default that another contract would replace it.

Patricola questioned the fees for the investment and contacted Crowder. Crowder told her any fees paid to Bersch were not taken out of the investor money. She was not aware of any fees being paid to the custodian for the truck titles.

Patricola had spoken with her attorney prior to this interview. She agreed to send some e-mails she received during the investment, but wanted to have her attorney contact the Division before sending anything further. I asked if she knew of other investors and she said that she mentioned the investment to four other people. She said the other people were asking if she knew of any way they could make more than the interest they were receiving where their money was now. She directed them to Bersch. She admitted on questioning that she did receive a small amount from Bersch for sending these people to him. She agreed to contact them and provide them with my contact information.

Patricola's involvement in the investment was passive.

Questions for Investors in Concordia / ER Finance

INVESTIGATOR G. CLAPPER DATE 3/19/15  
INVESTOR THURSA PATRICIA PHONE [REDACTED]  
ADDRESS [REDACTED] CITY [REDACTED]  
STATE AZ E-Mail [REDACTED]

1. How did you learn about the investment opportunity in Concordia/ ER Finance?  
FROM LISA BERNARD

2. Who was the salesperson [Michael Bersch, David Wanzek, Linda Wanzek or someone else]? Circle name, (or) DAVID WANZEK AND PRESENT

3. Before you invested, did the salesperson show you any materials? If so, what were they? DEAL REMINDER ONLY

a. Did you see the Powerpoint printout I emailed to you (ACC004304-4314)?

Y ( ) N (☒) UNK ( )

Who showed it to you [Michael Bersch, David Wanzek, Linda Wanzek or someone else] Circle name, (or) N/A

\*If so, what information, if any, in the Powerpoint printout made you think this would be a good investment?

1. "Safety of Principal"? Y (☒) N ( ) UNK ( )
2. "Higher Guaranteed Interest Rate"? Y (☒) N ( ) UNK ( )
3. "Liquidity"? Y (☒) N ( ) UNK ( )
4. "Concordia guarantees to replace any nonperforming contract with one of equal or greater value"? Y (☒) N ( )
5. "Servicing Agreements pay a guaranteed [10% or 12%]?" Y (☒) N ( ) U ( )
6. "Servicing Agreements provide a safety of principal guarantee and 100% liquidity in the event of emergency need"? Y (☒) N ( ) UNK ( )
7. "Higher guaranteed yield to offset inflation, safety of principal backed by collateral and 100% liquidity...."? Y (☒) N ( ) UNK ( )
8. "You can double your guaranteed interest rate of return without sacrificing safety of principal guaranteed or liquidity"? Y (☒) N ( ) UNK ( )

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BERSON

EXHIBIT

ER-11  
ADMITTED



If they didn't see the powerpoint were they told the above words during the presentation and by whom. Y( ) N( ) (Michael Bersch, David Wanzek, Linda Wanzek or someone else) Circle name, (or) Don't know Person or Area

b. Did you see first flowchart I emailed to you (ACC004301)? Y( ) N( ) U( )  
i. If so, what information, if any, in the flowchart made you think this would be a good investment? Did see flowchart

i. "Product approved by Kansas City Life Ins., Broker Sunset Financial"?  
Y(X) N( ) U( ) Was told this Dup'd presentation also

c. Did you see second flowchart I emailed to you (ACC004825)? Y( ) N( ) U( )  
i. If so, what information, if any, in the flowchart made you think this would be a good investment? \_\_\_\_\_

i. "Product approved by Kansas City Life Ins., Broker Sunset Financial"?  
Y( ) N(X) U( )

4. Did the salesperson (Michael Bersch), David Wanzek, or Linda Wanzek or someone else] use the words "guaranteed" or "liquid" in describing the investment to you?  
Y(X) N( ) U( ) / Circle name, (or) \_\_\_\_\_

5. Did the salesperson [Bersch, David Wanzek, or Linda Wanzek] inform you of any potential risk(s) of the investment? Y( ) N(X) U( ) None mentioned

6. In deciding to invest, did you rely on:  
a. Powerpoint? Y( ) N(X) (Rely on statements of approval by Kansas City Life)  
b. (First or Second Flowchart)? Y(X) N( ) Yes Financial also  
c. The description of the investment as "guaranteed"? Y(X) N( )  
d. The description of the investment as "liquid"? Y(X) N( )

7. Did the salesperson (Bersch), David Wanzek, or Linda Wanzek or someone else] know your ability to withstand a loss of your investment? Y( ) N(X) U( )  
Circle name, (or) All questions are

1) Could lose interest to pay son's school cost because personal funds depleted

ACC014439  
BERSCH

CONCORDIA FINANCING CO., LTD.  
Selling Agreement

This Selling Agreement ("Agreement") is entered into to be effective as of June 1, 2000 by and among Concordia Financing Co., Ltd., a California corporation ("Concordia"), Sunset Financial Services, Inc., a subsidiary of Kansas City Life ("SFS"), and E R Financial and Advisory Service, an Arizona company ("ERF"), hereinafter collectively referred to as "the parties."

R E C I T A L S

A. Concordia desires to obtain short term financing by factoring, selling and assigning to accredited investors certain truck (tractor and/or trailer) conditional sales contracts, and Concordia is willing to service such contracts for the investors.

B. SFS desires to refer certain clients, who are accredited investors, to Concordia for the purpose of purchasing conditional sales contracts under the terms and conditions set forth in the forms of the agreements captioned "Sale of Contracts and Servicing Agreement" and "Custodial Agreement" (collectively referred to herein as the "Service Agreements") which are attached hereto as Exhibits A and B, respectively, and are incorporated herein by this reference.

C. ERF desires to be the custodian on behalf of the investor and Concordia for the Contracts, as defined below, in accordance with the terms of the Service Agreements.

THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

1.1 "Contracts" means those certain truck (tractor and/or trailer) conditional sales contracts identified in the Service Agreements.

1.2 "Custodian" means ERF, which shall hold the originally executed Contracts, with transferable title documents, pursuant to the terms of the Service Agreements.

1.3 "Customer" means the account debtor under a Contract.

1.4 "Default" shall have the meaning defined in Section 8 of this Agreement.

1.5 "Investor" shall mean an accredited investor, as defined in Rule 501 of the Securities and Exchange Commission, who purchases Contracts and executes the Service Agreements.



1.6 "Purchase Price" shall be the total amount invested and shall have the meaning set forth in the Service Agreements.

1.7 "Sale Agreements" shall mean the Sale of Contracts and Servicing Agreement executed by and between Concordia and an Investor.

1.8 "Seller" shall mean SFS for any sale initiated by SFS, in accordance with this Agreement, which results in the purchase of Contracts from Concordia and execution of the Service Agreements.

## 2. SALE OF CONTRACTS

Seller may, from time to time, recommend to certain accredited investors that they consider the purchase of Contracts from Concordia and placement of the Contracts with Custodian in accordance with the Service Agreements. Concordia shall provide materials to Seller to facilitate Investor's decision. Upon the decision by Investor to purchase Contracts, Seller will verify that Investor is accredited, provide copies of the evidence that Investor is accredited to Concordia, and assist in the execution of the Service Agreements.

Prior to execution of the Service Agreements, Concordia reserves the right to refuse to accept any sale and Custodian reserves the right to refuse to accept custodial responsibility for any reason whatsoever. The minimum purchase amount shall be established by Concordia.

## 4. CUSTODIAN

4.1 Upon execution of the Service Agreements, Concordia shall deliver to Custodian the originally executed Contracts and all evidences of title with respect to the vehicles covered by the Contracts, the separate assignments executed by Concordia which effect the assignment and transfer of the Contracts and title to the vehicles to Investor, and copies of the Sales Agreements. Custodian shall hold the Contracts for the benefit of Concordia and Investor.

Contracts shall from time to time be released by Custodian to Concordia, upon receipt of Concordia's written representation, a copy of which shall be mailed to Investor by Concordia as part of the monthly report required by the Service Agreements, that the Contract to be released either (a) has been paid in full and must be returned to the Customer, or (b) has incurred a Contract default, as defined in the Service Agreements, and is to be concurrently replaced with a substitute Contract.

4.2 Assuming no default by Concordia under the Service Agreements, the Custodian shall continue to hold the originally executed Contracts and all executed assignments of title until the earlier of (a) receipt of written instructions signed by both Concordia and Investor

providing for the disposition of such Contracts and assignments, (b) the payment in full, and release of all the Contracts to Concordia for return to the Customers.

## 5. PAYMENT; FEES

5.1 Within 10 business days after the execution of the Sales Agreements by the parties, and the delivery of the originally executed Contracts and executed title transfer documents by Concordia to the Custodian, Investor shall wire or deliver to Concordia funds in the full amount of the Purchase Price ("Purchase Payment"). As part of its responsibility as servicing agent for the Contracts, Concordia shall send monthly reports to Investor, together with Concordia's check for payment of funds then due to Investor from collected funds received by Concordia.

5.2 Concordia shall pay Seller, within 10 business days after receipt of Investor's Purchase Payment, a fee of one percent (1%) of the Purchase Price for initiating and assisting in the closing of the sale.

5.3 Each month the Investor remains invested, Concordia shall pay Seller a fee equal to one-eighth of one percent (0.125%) of the Purchase Price.

5.4 Each month the Investor remains invested, Concordia shall pay Custodian a fee as agreed upon between Concordia and Custodian.

## 6. ARBITRATION

At the election of any party, any controversy, claim or dispute of any kind or nature, arising out of or relating to this Agreement, or breach hereof, shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and any judgment awarded or rendered by the arbitrator(s), may be entered in any court having jurisdiction hereof. All costs of arbitration, together with any legal, court, investigation, accounting, shall be paid by the losing party.

## 7. TERM AND TERMINATION

7.1 Term. This Agreement shall continue in effect until the earlier of (a) the mutual agreement of the parties to terminate the Agreement, as evidenced in a writing signed by all parties or (b) the payment in full of all the Contracts or (c) if a single party wishes to terminate this Agreement, that party shall provide written notice to each of the remaining parties 90 days prior to termination.

7.2 Termination Upon Default. Notwithstanding the foregoing, upon the occurrence of any Default by any party, and the defaulting party's failure to cure such Default

within thirty (30) days after receipt of written notice from a non-defaulting party describing the Default in detail, then upon the election of a non-defaulting party and upon effective written notice to the defaulting party and the remaining third party, this Agreement shall terminate.

## 8. DEFAULT AND RIGHTS

8.1 Default. Any one or more of the following shall constitute a default of this Agreement ("Default"):

- (a) Any party fails to pay any amount to the other party when due;
- (b) Any party breaches any term, provision, covenant, warranty or representation under this Agreement, any amendment hereto, or any other agreements or contracts between the parties;
- (c) A receiver or trustee is appointed for any or all of the assets of any party;
- (d) Any party becomes insolvent, ceases business operations, or is unable to pay debts as they mature, makes a general assignment for the benefit of creditors or voluntarily files under bankruptcy or similar law(s);
- (e) Any involuntary petition in bankruptcy is filed against any party and is not dismissed within 60 days;
- (f) Any levies of attachment, executions, tax assessment or similar process is issued against any party and is not released within thirty (30) days thereof; and/or
- (g) Any document, statement, writing, warranty, representation, report, certificate, financial statement made or delivered by any party to the other is incorrect, false, untrue or misleading in any material respect whatever.

8.2 Cumulative Rights. All rights, remedies and powers granted to the parties in this Agreement, or in any other agreement given by one party to the other, are cumulative and may be exercised singularly or concurrently with such other rights as the parties may have.

## 9. MISCELLANEOUS

9.1 Hold Harmless. Each party agrees to indemnify and hold the other parties, individually and collectively, harmless against any and all claims, losses, expenses, costs, obligations, liabilities, and attorneys' fees any party may incur by reason of any breach of or

failure to perform any of the warranties, guarantees, commitments, or covenants in this Agreement.

9.2 Binding on Future Parties. This Agreement inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties.

9.3 Written Waiver. A party may not waive its rights and remedies unless the waiver is in writing and signed by that party. A waiver of a party of any right or remedy under this Agreement on one occasion is not a waiver of any other right on that occasion, nor the waiver of that or any other right on any subsequent occasion.

9.4 Legal Fees. The prevailing party shall be entitled to receive all attorney's fees, costs and/or expenses ("Legal Fees") incurred by such party in enforcing this Agreement and any documents prepared in connection herewith, and/or protecting, preserving or enforcing any right granted under this Agreement, whether or not suit is brought. In any lawsuit, arbitration or other proceeding, including any and all appeals therefrom, the prevailing party shall be entitled to recover its Legal Fees wherever applicable.

9.5 California Law. This Agreement shall be governed by and construed both as to validity and performance and enforced in accordance with the laws of the State of California, without giving effect to the choice of law principles thereof.

9.6 Invalid Provisions. If any provision(s) of this Agreement shall be declared illegal, contrary to law or policy, or otherwise unenforceable, it is agreed that such provision shall be disregarded and that all other provisions of this Agreement shall remain in full force and effect as though such provision(s) had not been incorporated herein.

9.7 Entire Agreement. This Agreement, and any exhibits and schedules attached hereto, constitutes the entire agreement of the parties and supersedes all other prior agreements, understandings, representations and warranties, whether written or oral. This Agreement may be amended only by written agreement executed by the parties.

9.9 Notice. All notices, requests, demands, and other communications (collectively Notices) given or made pursuant to this Agreement shall be given if sent by telex, telecopy, fax, first class mail or by registered or certified mail, return receipt requested, postage and fees prepaid, or equivalent private messenger/delivery service offering signature acknowledgement by recipient (Fedex, UPS, etc.), or by personal delivery, to the address listed below, new addresses provided by the parties, or wherever located:

If to Concordia:	Concordia Financing Co., Ltd.
	2920 Inland Empire Blvd., Ste 103
	Ontario, California 91764
	ATTN: Ken Crowder

If to Custodian: E R Financial and Advisory Service  
4081 Vega  
Lake Havasu City, AZ 86404

If to Seller: Sunset Financial Services, Inc.  
3520 Broadway  
Kansas City, MO 64111  
ATTN: Greg Smith

9.10 Waiver of Jury Trial. EC (Initial) EACH PARTY  
ACKNOWLEDGES THE EXTREME COST ATTENDANT TO TRIAL BY JURY, AND  
THEREFORE EACH WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR  
PROCEEDING OR TRANSACTION RELATING TO THIS AGREEMENT OR ANY  
AGREEMENT(S) RELATED HERETO.

Executed this first day of June 2000, at Ontario, California.

Concordia: Concordia Financing Co., Ltd.  
a California corporation

By: Kenneth Crowder  
Kenneth Crowder, President

Custodian: E R Financial and Advisory Service

By: Michael Bernd CPA  
Partner E R Financial

Seller: Sunset Financial Services, Inc

By: \_\_\_\_\_  
\_\_\_\_\_



CONCORDIA FINANCING CO., LTD.

DRAFT

Selling Agreement

This Selling Agreement ("Agreement") is entered into to be effective as of June 1, 2000 by and between Concordia Financing Co., Ltd., a California corporation ("Concordia"), Sunset Financial Services, Inc., a subsidiary of Kansas City Life (SFS), and E R Financial and Advisory Service, an Arizona company (ERF) hereinafter collectively referred to as "the parties."

RECITALS

A. Concordia desires to obtain short term financing by factoring, selling and assigning to accredited investors certain truck (tractor and/or trailer) conditional sales contracts, and Concordia is willing to service such contracts for the investors.

B. Sunset Financial desires to refer certain clients, who are accredited investors, to Concordia for the purpose of purchasing conditional sales contracts under the terms and conditions stated in the ASale of Contracts and Servicing Agreement@ and the ACustodial Agreement@ (AService Agreements@) which are included herein by reference.

C. E R Financial desires to be the custodian on behalf of the investor and Concordia for said contracts as set forth in the Service Agreements.

THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

1.1 "Contracts" means those certain truck (tractor and/or trailer) conditional sales contracts identified in the Service Agreements.

1.2 "Custodian" means E R Financial and Advisory Service, who shall hold the originally executed Contracts, with transferable title documents, pursuant to the terms of the Service Agreements.

1.3 "Customer" means the account debtor under a Contract.

1.4 "Purchase Price" shall be the total amount invested and shall have the meaning set forth in the Service Agreements.



1.5 ASeller@ shall mean Sunset Financial Services when any sale initiated by them, in accordance with this agreement, results in the purchase of Contracts from Concordia and execution of the Service Agreements.

1.6 AInvestor@ shall mean an accredited investor who purchases Contracts and executes the Service Agreements.

1.7 ADefault@ shall have the meaning defined in paragraph 8 of this agreement.

## 2. SALE OF CONTRACTS

Seller may, from time to time, recommend certain accredited investors consider the purchase of Contracts from Concordia and placement of the Contracts with Custodian in accordance with the Service Agreements. Concordia shall provide materials to Seller to facilitate Investor=s decision. Upon the decision by Investor to purchase Contracts, Seller will verify that Investor is accredited, provide copies of the evidence that Investor is accredited to Concordia, and assist in the execution of the Service Agreements.

Prior to execution of the Service Agreements, Concordia reserves the right to refuse to accept any sale and Custodian reserves the right to refuse to accept custodial responsibility for any reason whatsoever. The minimum purchase amount shall be established by Concordia.

## 4. CUSTODIAN

4.1 Upon execution of the Service Agreements, the originally executed Contracts and all evidences of title with respect to the vehicles covered by the Contracts, with separate assignments executed by Concordia which effect the assignment and transfer of the Contracts and title to the vehicles to Investor, shall be delivered by Concordia to Custodian with a copy of the Sales Agreements. Custodian shall hold the Contracts for the benefit of Concordia and Investor. Contracts shall from time to time be released by Custodian to Concordia, upon receipt of Concordia's written representation, a copy of which shall be mailed to Investor by Concordia as part of the monthly report required by the Service Agreements, that the Contract to be released either (a) has been paid in full and must be returned to the Customer, or (b) has incurred a Contract default, as defined in the Service Agreements, and is to be concurrently replaced with a substitute Contract.

4.2 Assuming no default by Concordia under the Service Agreements, the Custodian shall continue to hold the originally executed Contracts and all executed assignments of title until the earlier of (a) receipt of written instructions signed by both Concordia and Investor providing for the disposition of such Contracts and assignments, (b) the payment in full, and release of all the Contracts to Concordia for return to the Customers.

## 5. PAYMENT; FEES

5.1 Within 10 business days of the execution of the Sales Agreements by the parties, and the delivery of the originally executed Contracts and executed title transfer documents by Concordia to the Custodian, Investor shall wire or deliver to Concordia funds in the full amount of the Purchase Price (Purchase Payment). As part of its responsibility as servicing agent for the Contracts, Concordia shall send monthly reports to Investor, together with Concordia's check for payment of funds then due to Investor from collected funds received by Concordia.

5.2 Concordia shall pay Seller, within 10 business days of receipt of Investor's Purchase Payment, a fee of one percent (1%) of the Purchase Price for initiating and assisting in the closing of the sale.

5.3 Each month the Investor remains invested, Concordia shall pay Seller a fee equal to one-eighth percent (0.125%) of the Purchase Price.

5.4 Each month the Investor remains invested, Concordia shall pay Custodian a fee as agreed upon between Concordia and Custodian.

## 6. ARBITRATION

At the election of any party, any controversy, claim or dispute of any kind or nature, arising out of or relating to this Agreement, or breach hereof, shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and any judgment awarded or rendered by the arbitrator(s), may be entered in any court having jurisdiction hereof. All costs of arbitration, together with any legal, court, investigation, accounting, shall be paid by the losing party.

## 7. TERM AND TERMINATION

7.1 Term. This Agreement shall continue in effect until the earlier of (a) the mutual agreement of the parties to terminate the Agreement, as evidenced in a writing signed by all parties or (b) the payment in full of all the Contracts or (c) if a single party wishes to terminate this agreement, that party shall provide written notice to each of the remaining parties 90 days prior to termination.

7.2 Termination Upon Default. Notwithstanding the foregoing, upon the occurrence of any Default by any party, and the defaulting party's failure to cure such Default within thirty (30) days after receipt of written notice from a non-defaulting party describing the Default in detail, then upon the election of a non-defaulting party and upon effective written notice to the defaulting party and the remaining third party, this Agreement shall terminate.

## 8. DEFAULT AND RIGHTS

8.1 Default. Any one or more of the following shall constitute a default of this Agreement ("Default"):

- (a) Any party fails to pay any amount to the other party when due;
- (b) Any party breaches any term, provision, covenant, warranty or representation under this Agreement, any amendment hereto, or any other agreements or contracts between the parties;
- (c) A receiver or trustee is appointed for any or all of the assets of any party;
- (d) Any party becomes insolvent, ceases business operations, or is unable to pay debts as they mature, makes a general assignment for the benefit of creditors or voluntarily files under bankruptcy or similar law(s);
- (e) Any involuntary petition in bankruptcy is filed against any party and is not dismissed within 60 days;
- (f) Any levies of attachment, executions, tax assessment or similar process is issued against any party and is not released within thirty (30) days thereof; and/or
- (g) Any document, statement, writing, warranty, representation, report, certificate, financial statement made or delivered by any party to the other is incorrect, false, untrue or misleading in any material respect whatever.

8.2 Cumulative Rights. All rights, remedies and powers granted to the parties in this Agreement, or in any other agreement given by one party to the other, are cumulative and may be exercised singularly or concurrently with such other rights as the parties may have.

## 9. MISCELLANEOUS

9.1 Hold Harmless. Each party agrees to indemnify and hold the other parties, individually and collectively, harmless against any and all claims, losses, expenses, costs, obligations, liabilities, and attorneys' fees any party may incur by reason of any breach of or failure to perform any of the warranties, guarantees, commitments, or covenants in this Agreement.

9.2 Binding on Future Parties. This Agreement inures to the benefit of and is binding upon the heirs, executors, administrators, successors and assigns of the parties.

9.3 Written Waiver. A party may not waive its rights and remedies unless the waiver is in writing and signed by that party. A waiver of a party of any right or remedy under this Agreement on one occasion is not a waiver of any other right on that occasion, nor the waiver of that or any other right on any subsequent occasion.

9.4 Legal Fees. The prevailing party shall be entitled to receive all attorney's fees, costs and/or expenses ("Legal Fees") incurred by such party in enforcing this Agreement and any documents prepared in connection herewith, and/or protecting, preserving or enforcing any right granted under this Agreement, whether or not suit is brought. In any lawsuit, arbitration or other proceeding, including any and all appeals therefrom, the prevailing party shall be entitled to recover its Legal Fees wherever applicable.

9.5 California Law. This Agreement shall be governed by and construed both as to validity and performance and enforced in accordance with the laws of the State of California, without giving effect to the choice of law principles thereof.

9.6 Invalid Provisions. If any provision(s) of this Agreement shall be declared illegal, contrary to law or policy, or otherwise unenforceable, it is agreed that such provision shall be disregarded and that all other provisions of this Agreement shall remain in full force and effect as though such provision(s) had not been incorporated herein.

9.7 Entire Agreement. This Agreement, and any exhibits and schedules attached hereto, constitutes the entire agreement of the parties and supersedes all other prior agreements, understandings, representations and warranties, whether written or oral. This Agreement may be amended only by written agreement executed by the parties.

9.9 Notice. All notices, requests, demands, and other communications (collectively Notices) given or made pursuant to this Agreement shall be given if sent by telex, telecopy, fax, first class mail or by registered or certified mail, return receipt requested, postage and fees prepaid, or equivalent private messenger/delivery service offering signature acknowledgement by recipient (Fedex, UPS, etc.), or by personal delivery, to the address listed below, new addresses provided by the parties, or wherever located:

If to Concordia:	Concordia Financing Co., Ltd. 2920 Inland Empire Blvd., Ste 103 Ontario, California 91764 ATTN: Ken Crowder
------------------	--

If to Custodian:	E R Financial and Advisory Service 4081 Vega Lake Havasu City, AZ 86404
------------------	---

If to Seller:

Sunset Financial Services, Inc.  
3520 Broadway  
Kansas City, MO 64111  
ATTN: Greg Smith

9.10 Waiver of Jury Trial. JW KC GES (Initial) EACH PARTY  
ACKNOWLEDGES THE EXTREME COST ATTENDANT TO TRIAL BY JURY, AND  
THEREFORE EACH WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR  
PROCEEDING OR TRANSACTION RELATING TO THIS AGREEMENT OR ANY  
AGREEMENT(S) RELATED HERETO.

Executed this first day of June 2000, at Ontario, California.

Concordia:

Concordia Financing Co., Ltd.  
a California corporation

By: Kenneth Crowder  
Kenneth Crowder, President

Custodian:

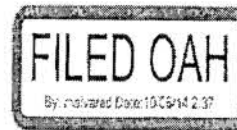
E R Financial and Advisory Service

By: David Wanzek  
David Wanzek, Partner

Seller:

Sunset Financial Services, Inc.

By: Gregory E. Smith  
President



MARY ANN SMITH  
Deputy Commissioner  
SEAN ROONEY  
Assistant Chief Counsel  
MARLOU de LUNA (CA BAR NO. 162259)  
Senior Corporations Counsel  
320 W. 4<sup>th</sup> Street, #750  
Los Angeles, CA 90013  
Tel: (213) 576-7606  
Fax: (213) 576-7180  
Attorneys for Complainant

BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
OF THE STATE OF CALIFORNIA

In the Matter of

CASE NO. 2013120646

THE CALIFORNIA COMMISSIONER  
BUSINESS OVERSIGHT,

SETTLEMENT AGREEMENT

Complainant,

v.

CONCORDIA FINANCING CO. LTD,  
KENNETH IRWIN CROWDER, and  
CHRISTOPHER KENNETH CROWDER,

Respondents.

This Settlement Agreement and Release ("Agreement") shall be binding on the California  
Commissioner of Business Oversight and its officers, employees, agents, representatives, successors,  
and attorneys (collectively, the "Commissioner") and Concordia Financing Co., Ltd., ("Concordia



Financing”), Kenneth Irwin Crowder (“Kenneth Crowder”), Christopher Kenneth Crowder (“Christopher Crowder”) (collectively referred to herein as “Respondents”), and its subsidiaries, officers, shareholders, employees, agents, representatives, successors, insurers, attorneys, affiliated and related entities, principals, assignors, and assignees. The Commissioner and the Respondents shall collectively be referred to as the “Parties.”

I.

RECITALS

On October 7, 2013, the Commissioner issued a Desist and Refrain Order in violations of California Corporations Code sections 25110 and 25401 to Kenneth Crowder, Christopher Crowder, David Wanzek, Michael Bersch and Concordia Financing (“2013 Order”). Thereafter, the Commissioner issued an Amended Desist and Refrain Order for violations of California Corporations Code sections 25110 and 25401 that amended and superseded the 2013 Order as to Kenneth Crowder, Christopher Crowder and Concordia Financing only (“Amended Order”). The 2013 Order remains in full effect as to David Wanzek and Michael Bersch.

The Parties agree that nothing in this Agreement shall be deemed an admission of any wrongdoing on the part of Respondents.

The Parties now desire to resolve each and every aspect of the action in consideration of the terms and conditions described below.

Now, therefore, in consideration of the terms and conditions contained herein, the Parties agree as follows:

II.

TERMS AND CONDITIONS

1. Issuance of Amended Desist and Refrain Order as to Concordia Financing, Kenneth Crowder, and Christopher Crowder. The Parties hereby agree to the issuance of the Amended Order. The Amended Order will be the Final Desist and Refrain Order as to Concordia Financing, Kenneth Crowder, and Christopher Crowder (hereinafter “Final Order”) to become effective upon the execution of this Agreement. A true and correct copy of the Final Order is attached hereto and incorporated herein by reference as **Exhibit 1**.



2. **Waiver of Hearing Rights.** Respondents acknowledge their right to a hearing under the California Corporate Securities Law of 1968 in connection with the Final Order and hereby waives that right to a hearing, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the Corporate Securities Law of 1968, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law, and by waiving such rights, consents to the Amended Order becoming final.

3. **Admissibility.** The Parties agree that this Agreement shall not be admissible against Respondents in any action(s) brought against Respondents including actions by third parties that are not signatories to this Agreement.

4. **Future Actions by the Commissioner.** The Commissioner reserves the right to bring any future action(s) against Concordia Financing or any of the officers, directors, shareholders, or employees of Concordia Financing, Kenneth Crowder, and Christopher Crowder for any and all unknown or future violations of the Corporate Securities Law of 1968. This Agreement shall not serve to exculpate Concordia Financing or any of the officers, directors, shareholders, or employees of Concordia Financing, Kenneth Crowder, and Christopher Crowder from liability for any and all unknown or future violations of the Corporate Securities Law of 1968.

5. **Effective Date.** This Agreement shall not become effective until signed, and delivered by the Parties.

6. **Settlement Agreement Coverage.** The Parties hereby acknowledge and agree that this Agreement is intended to constitute a full, final, and complete resolution of this matter. The Parties further acknowledge and agree that nothing contained in this Agreement shall operate to limit the Commissioner's ability to assist any other agency, county, state or federal, with any prosecution, administrative, civil or criminal, brought by any such agency against Concordia Financing, Kenneth Crowder, or Christopher Crowder based on any of the activities alleged in this matter or otherwise.

7. **Independent Legal Advice.** Each of the Parties represents, warrants, and agrees that it has received or been advised to seek independent legal advice from its attorneys with



1 respect to the advisability of executing this Agreement.

2 8. No Other Representation. Each of the Parties represents, warrants, and agrees that in  
3 executing this Agreement it has relied solely on the statements set forth herein and the advice of its  
4 own counsel. Each of the Parties further represents, warrants, and agrees that in executing  
5 this Agreement it has placed no reliance on any statement, representation, or promise of any  
6 other party, or any other person or entity not expressly set forth herein, or upon the failure of any  
7 party or any other person or entity to make any statement, representation or disclosure of  
8 anything whatsoever. The Parties have included this clause: (1) to preclude any claim that any  
9 party was in any way fraudulently induced to execute this Agreement; and (2) to preclude the  
10 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this  
11 Agreement.

12 9. Modifications and Qualified Integration. No amendment, change or  
13 modification of this Agreement shall be valid or binding to any extent unless it is in writing  
14 and signed by all of the parties affected by it.

15 10. Full Integration. This Agreement is the final written expression and the  
16 complete and exclusive statement of all the agreements, conditions, promises, representations,  
17 and covenants between the parties with respect to the subject matter hereof, and supersedes all  
18 discussions between and among the Parties, their respective representatives, and any other  
19 person or entity, with respect to the subject matter covered hereby.

20 11. No Presumption From Drafting. In that the Parties have had the opportunity to  
21 draft, review and edit the language of this Agreement, no presumption for or against any party  
22 arising out of drafting all or any part of this Agreement will be applied in any action  
23 relating to, connected to, or involving this Agreement. Accordingly, the Parties waive the  
24 benefit of Civil Code section 1654 and any successor or amended statute, providing that in  
25 cases of uncertainty, language of a contract should be interpreted most strongly against the party  
26 who caused the uncertainty to exist.

27 12. Counterparts. This Agreement may be executed in any number of counter-  
28 parts by the Parties, and when each party has signed and delivered at least one such counterpart

1 to the other party, each counterpart shall be deemed an original and taken together shall  
2 constitute one and the same Agreement.

3 13. Headings and Governing Law. The headings to the paragraphs of this Agreement  
4 are inserted for convenience only and will not be deemed a part hereof or affect the  
5 construction or interpretation of the provisions hereof. This Agreement shall be  
6 construed and enforced in accordance with, and governed by, the laws of the State of  
7 California. If any provision or any part of any provision of this Agreement is for any reason held to  
8 be invalid, unenforceable, or contrary to public policy or any law, then the remainder of this  
9 Agreement shall not be affected thereby. Further, this Agreement shall not be construed against any  
10 party due to that party's participation in the drafting of it.

11 14. Authority For Settlement. Each party warrants and represents that such party is  
12 fully entitled and duly authorized to enter into and deliver this Agreement. In particular, and  
13 without limiting the generality of the foregoing, each party warrants and represents that it is  
14 fully entitled to enter into the covenants, and undertake the obligations set forth herein.

15 15. Public Record. Respondents hereby acknowledge that this Agreement will be a  
16 matter of public record.

17 16. Voluntary Agreement. The Parties each represent and acknowledge that he, she  
18 or it is executing this Agreement completely voluntarily and without any duress or undue  
19 influence of any kind from any source.

20 17. Filing of Settlement Agreement. The Commissioner shall cause this Agreement to  
21 be filed with the Office of Administrative Hearings immediately upon its execution.

22 18. Signatures. A fax signature or e-mail scanned signature of this Agreement shall be as  
23 effective as an original ink signature.

24 ///

25 ///

26 ///

27

28

State of California - Department of Business Oversight

1 IN WITNESS WHEREOF, the Parties hereto have approved and executed this Agreement  
2 on the dates set forth opposite their respective signatures.

3  
4 JAN LYNN OWEN  
Commissioner of Business Oversight

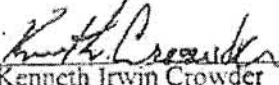
5  
6 Dated: 10/3/14

7 By   
Mary Ann Smith  
Deputy Commissioner

8  
9 Dated: \_\_\_\_\_

10 By \_\_\_\_\_  
Christopher Kenneth Crowder  
President, Chief Operations Officer  
CONCORDIA FINANCING CO., LTD.

11  
12  
13 Dated: 9/26/2014

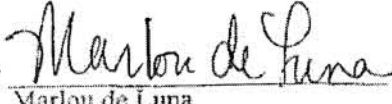
14 By   
Kenneth Irwin Crowder  
As an individual

15  
16 Dated: \_\_\_\_\_

17 By \_\_\_\_\_  
Christopher Kenneth Crowder  
As an individual

18  
19  
20 APPROVED AS TO FORM:

21 Dated: 10/16/14

22 By   
Marlou de Luna  
Senior Corporations Counsel  
Department of Business Oversight

23  
24  
25 Dated: \_\_\_\_\_

26 By \_\_\_\_\_  
Steven M. Gourley  
Malek & Malek  
Attorneys for CONCORDIA FINANCING CO., LTD.

1 IN WITNESS WHEREOF, the Parties hereto have approved and executed this Agreement  
2 on the dates set forth opposite their respective signatures.

3 JAN LYNN OWEN  
4 Commissioner of Business Oversight

5  
6 Dated: \_\_\_\_\_

7 By \_\_\_\_\_  
8 Mary Ann Smith  
9 Deputy Commissioner

10 Dated: 9/22/14

11 By \_\_\_\_\_  
12 Christopher Kenneth Crowder  
13 President; Chief Operations Officer  
14 CONCORDIA FINANCING CO., LTD.

15 Dated: \_\_\_\_\_

16 By \_\_\_\_\_  
17 Kenneth Irwin Crowder  
18 As an individual

19 Dated: 9/22/14

20 By \_\_\_\_\_  
21 Christopher Kenneth Crowder  
22 As an individual

23 APPROVED AS TO FORM:

24 Dated: \_\_\_\_\_

25 By \_\_\_\_\_  
26 Marlou de Luna  
27 Senior Corporations Counsel  
28 Department of Business Oversight

29 Dated: 9/23/14

30 By \_\_\_\_\_  
31 Steven M. Gonsky  
32 Malek & Malek  
33 Attorneys for CONCORDIA FINANCING CO., LTD.

EXHIBIT 1

STATE OF CALIFORNIA  
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY  
DEPARTMENT OF BUSINESS OVERSIGHT

**TO:** Concordia Financing Co., Ltd.  
Kenneth Irwin Crowder  
Christopher Kenneth Crowder  
9302 Pittsburgh Ave. #220  
Rancho Cucamonga, California 91730

**AMENDED DESIST AND REFRAIN ORDER**

**(For Violations of Sections 25110 and 25401 of the Corporations Code)**

The California Commissioner of Business Oversight ("Commissioner") finds that:

1. This Amended Desist and Refrain Order amends and supersedes the Desist and Refrain Order issued by the Commissioner on October 7, 2013 ("2013 Order") as to Kenneth Crowder, Chris Crowder, and Concordia Financing Co., Ltd. only. The 2013 Order shall remain in full effect only as to David Wanzek and Michael Bersch.

2. At all relevant times herein, Concordia Financing Co., Ltd. ("Concordia Financing") is a California corporation with its last known address at 9302 Pittsburgh Ave. #220, Rancho Cucamonga, California 91730.

3. At all relevant times herein, Kenneth Irwin Crowder ("Kenneth Crowder"), was chairman of the board and chief executive officer of Concordia Financing.

4. At all relevant times herein, Christopher Kenneth Crowder ("Christopher Crowder") was president and chief operations officer of Concordia Financing. As Concordia's chief operations officer, Christopher Crowder primarily focused on internal operating procedures, growth initiatives, and issues affecting the company's viability. In the absence of the chief executive officer, Christopher Crowder signed documents from investors confirming receipt on behalf of Concordia Financing but did not directly negotiate with investors.

5. Beginning in or about 1998 and continuing through at least 2008, Concordia Financing, Kenneth Crowder, and Christopher Crowder offered and sold to investors securities in the form of investment contracts entitled "Sale of Contracts and Servicing Agreement" (hereinafter

1 "investment contracts"), which were unqualified, non-exempt securities. As of 2012, these  
2 investment contracts were sold to approximately 178 investors and totaled approximately \$18  
3 million.

4 6. These investment contracts were sold in order to purchase and service "Truck  
5 Conditional Sales Agreements" from commercial truck dealers. The "Truck Conditional Sales  
6 Agreements" were allegedly factored, sold, and assigned to investors and then serviced by  
7 Concordia Financing on behalf of investors.

8 7. These investment contracts were offered or sold in this State in issuer transactions.  
9 The Department of Business Oversight has not issued a permit or other form of qualification  
10 authorizing any person to offer or sell these securities in this State.

11 8. These investment contracts are not exempt because they were sold to unaccredited and  
12 unsophisticated investors.

13 9. In connection with the offer and sale of these investment contracts, Concordia  
14 Financing, Kenneth Crowder, and Christopher Crowder made material misrepresentations of facts  
15 and/or omitted to state material facts necessary in order to make the statements made, in light of the  
16 circumstances under which they were made, not misleading. These misrepresentations and/or  
17 omissions include the following:

18 a) Investors were told that the conditional sales contracts were less risky than investing  
19 on the stock market or maintaining a savings account or purchasing Certificates of Deposit, when in  
20 fact the conditional sales contracts were unsecured and uninsured.

21 b) Investors were told that their investments had 100% liquidity, when in fact investors  
22 attempted and were unable to withdraw their money.

23 Based on the foregoing findings, the Commissioner is of the opinion that the securities, in  
24 the form of investment contracts entitled "Sales of Contract and Servicing Agreement," that are  
25 being or have been offered or sold by Concordia Financing, Kenneth Crowder, and Christopher  
26 Crowder are securities and subject to qualification under the California Corporate Securities Law of  
27 1968 ("CSL") and are being or have been offered or sold without being qualified, in violation of  
28 California Corporations Code section 25110 of the CSL.

Under California Corporations Code section 25532, Concordia Financing, Kenneth Crowder, and Christopher Crowder are hereby ordered to desist and refrain from the further offer or sale of securities in the State of California, including but not limited to, the investment contracts entitled "Sale of Contracts and Servicing Agreement" described above, unless and until qualification has been made under this law or unless exempt.

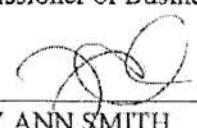
Further, the Commissioner is of the opinion that the investment contracts entitled "Sale of Contracts and Servicing Agreement" offered or sold by Concordia Financing, Kenneth Crowder, and Christopher Crowder were offered or sold in this state by means of written or oral communications that included untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading, in violation of California Corporations Code section 25401.

Under California Corporations Code section 25532, Concordia Financing, Kenneth Crowder, and Christopher Crowder are hereby ordered to desist and refrain from offering or selling or buying or offering to buy any security in the State of California, including but not limited to, the investment contracts entitled "Sale of Contracts and Servicing Agreement" described above, by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the California Corporate Securities Law of 1968.

Dated: October 3, 2014  
Los Angeles, California

JAN LYNN OWEN  
Commissioner of Business Oversight

By   
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division





**Subject:** Concordia  
**From:** Lisa Fuhrman (lisa@selectinsuranceservices.com)  
**To:** ithix@hotmail.com;  
**Cc:** mbcpaaz@yahoo.com; david@bbwcpa.com;  
**Date:** Monday, June 15, 2009 2:35 PM

Dear Chris,

I'm writing to you today not only as an investor but also as someone whom had assisted in raising several hundreds of thousands of dollars for Concordia. In our local paper today in the classified section under personals some has placed an ad asking if people have concerns about their Concordia Investment that they should email [selmay@yahoo.com](mailto:selmay@yahoo.com). Not only is this disturbing it is opening a can of worms that none of us need.

Quite some time ago when this all started I wrote and asked if you would

consider sending your investors a quarterly snapshot statement of income & expense, so that we may be kept informed. Chris, I urge you to consider this and this time I would appreciate a response from you!

Sincerely,

Lisa R. Fuhrman, LUCTF

Select Insurance & Financial Services, LLC

928-505-0469

928-505-8429

[Lisa@selectinsuranceservices.com](mailto:Lisa@selectinsuranceservices.com)



BERSCH000126

# SFS

SUNSET FINANCIAL

Member FINRA/SIPC



July 12, 2013

Stephen J. Womack  
Enforcement Attorney  
Arizona Corporation Commission  
1300 West Washington, Third Floor  
Phoenix, AZ 850007

Re: Concordia Financing Company, Ltd.; ER Financial & Advisory Services, LLC  
Your File No. 8371

Dear Womack:

You have requested certain information from Sunset Financial Services ("SFS") related to the above referenced matter.

As you know, Mr. Gary Clapper contacted SFS during 2012 to ask about a flyer for Concordia Finance that implied that Sunset Financial was the underwriter for a Concordia offering. He also asked if SFS had been familiar with a company called ER Financial, Michael Bersch or David Wanzek. After an initial review of our system, Mr. Ullom reported that he had found no product approvals for Concordia Finance or ER Financial. He reported that the notation on the document provided to us (see Exhibit A) was done without the knowledge or permission of the Company. He also stated that neither SFS nor its parent company, Kansas City Life Insurance Company, could find any record or association with Michael Bersch, David Wanzek or any other entity identified on the document.

Given the specific nature of the references in Mr. Clapper's letter, Mr. Ullom elected to contact the legal department and do another, more thorough, review to verify that nothing existed in our records. After conducting the review, we did locate some information related to Concordia and to Mr. Bersch. We also found a single reference to ER Financial.

I contacted Mr. Clapper in October to discuss that we had located some information and that we would continue to investigate. I continued to research the issue for a period of a few months. Unfortunately, intervening events distracted me and I appear to have not followed up with Mr. Clapper. It is our intent to fully cooperate with what we know, which is – unfortunately – limited.

ACC011411  
BERSCH

Prior to outlining our documentation, I will reiterate the following from Mr. Ullom's prior statement:

1. Sunset Financial Services did not underwrite, endorse or approve for sale any security or other product issued by Concordia.
2. Kansas City Life Insurance Company never had any contact with, knowledge of, or any other information related to Concordia, Mr. Bersch or any other party related to this matter.
3. The flyer (Exhibit A) provided to us by Mr. Clapper was never approved for us by Sunset Financial Services or Kansas City Life Insurance Company.
4. The Company has no information related to Mr. David Wanzek or to ER Financial except in passing comments.

The documentation we do have on this product is scattered. I am attaching a copy of all documentation I have and will supplement that information with materials gleaned from our former Due Diligence officer, whom I interviewed after speaking with Mr. Clapper.

The documentation we have is:

- 1) A binder from "Concordia Finance" identified as a "Company Profile" dated January 1, 2000. The document includes a company history, management experience, collateral performance and other documents including Financial Statements. I would note in the "financial projections section, the projections were performed by Maryanne Schulte, who is with the firm of Buttke, Bersch & Wanzek. The listing of David Wanzek on the letterhead is the only reference to David Wanzek that appears in our records. The binder information is attached as Exhibit B hereto.
- 2) Included as loose leaf material in the above-referenced binder are three items:
  - a) A two page sheet labeled Investing in Transportation from Concordia Finance.
  - b) A *The Business Press* article entitled "In for the Long Haul" about trucking in the Inland Empire route touted in the Concordia materials.
  - c) The third piece is a single sheet that is similar to Exhibit A listing a payment arrangement. The piece shows "Product Approved by Kansas City Life Ins., Broker: Sunset Financial" at the bottom. No graphics appear on the page.

As noted above, I conducted an interview with our former Due Diligence Officer (Kim Kirkman) on this material.

Mr. Kirkman noted that the Concordia materials were provided to us by former representative Randolph Albers, who had certain customers who had invested in Concordia Financing as had Mr. Albers. Those purchases were not made through the Firm. It is sold the product prior to joining the Firm. He did some investigation and new that Mr.

Albers had certain clients who invested in the product. He did meet with Ken Crowder during a visit to San Diego for other purposes and thought the concept was interesting. He did not, however, approve it for sale. He also did not recall seeing the sheet identifying Kansas City Life and Sunset Financial. He stated that if he did, he would presume it was for use by SFS Representatives to show we had approved the product and not intended for the general public. He did not approve it.

Mr. Kirkman indicated that he did not know who ER Financial was, nor had he met Mr. Bersch or Mr. Wanek. He also indicated that thought a registration statement had been filed and would not have talked to them otherwise.

His only other contact with Concordia (after 2000), came in 2010. That contact will be discussed below.

The three items are attached as Exhibit C.

- 3) Lance M. Bersch submitted a U-4 with SFS in November 1998 through Randolph Albers, who would have been his principal. Mr. Ullom originally missed this connection since Mr. Bersch never became registered and his records were not in the system. We also did not initially realize that Lance M. Bersch and Michael Bersch were the same person. SFS filed a U-5 for Mr. Bersch in May 1999 for failure to complete his registration requirements. The licensing file is attached as Exhibit D.
- 4) In 2001, and in certain subsequent years, Mr. Randolph Albers indicated that he was being paid on certain private securities transactions through SFS. Concordia Financing Co Secured Notes were one of the listed items. In these filings he indicates that these were approved by Sunset Financial Services, though we show no records indicating that to be true. These records are attached as Exhibit E.
- 5) Starting in 2000, the Company received commission checks payable to Randolph Albers for three customers who invested in Concordia. These customers were: Bonnie Ferris-Spence; the Foutz Trust, and William A. Pierce. Our trade blotter system has records back to 2003, and shows payments from 1/31/2003 through 2/31/2009 with monthly payments starting at \$750, though some volatility exists starting in 2007. The total of those commissions was \$54,873, \$52, 129.35 were paid to Mr. Albers. We also have copies of certain correspondence with these payments, but it is very minimal. We also have some correspondence that predates the blotter system.

All documentation we have on commission is included as Exhibit F. It appears the Company always treated this as commissions on a product sold through another BD that transferred to SFS.

July 12, 2013  
Page 4 of 4

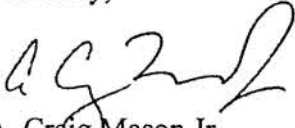
- 6) Finally, Mr. Kirkman was contacted by a Chris Crowder, and then by a Mr. Armen J. Dekmejian, in 2010 about SFS underwriting an offering. The initial contact went to Bryan S. Mick, who occasionally provided guidance to Mr. Kirkman. Mr. Kirkman rejected the idea but forwarded to a Mr. Brett Evans with Pacific Point Securities for review. All correspondence related to this contact is included as Exhibit G.

I believe that summarizes all of the information we have in our files and all materials are being provided to you.

You listed a series of requests in your letter, and I believe items B3, B4, and B5 are addressed above. To the extent that B6 includes commissions paid on products sold by Mr. Albers, those are included in item 5 above. There are no other financial transactions that would be responsive to B6. We have no documentation that would meet the requests of B1, B2 or B7.

Again, I apologize for our delay in providing this material. We are more than willing to provide any information that may help in your investigation and answer any additional questions regarding these documents.

Sincerely,

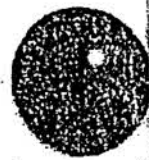


A. Craig Mason Jr.

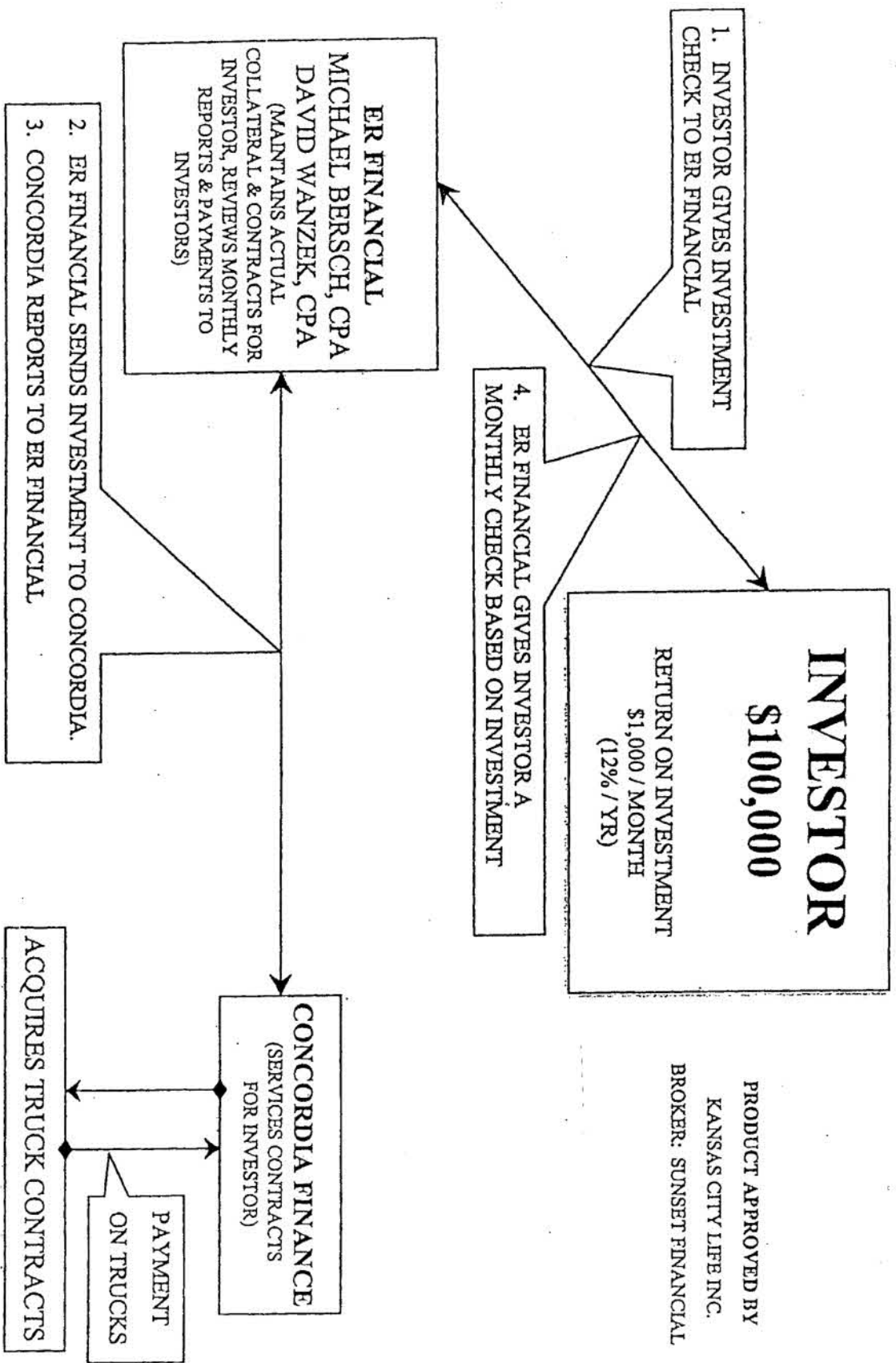
ACC011414  
BERSCH

EXHIBIT A

ACC011415  
BERSCH



# CONCORDIA FINANCIAL



PRODUCT APPROVED BY  
KANSAS CITY LIFE INC.  
BROKER: SUNSET FINANCIAL

**EXHIBIT B**





# *Concordia Finance*

## *Company Profile*

January 1, 2000

## DESCRIPTION OF THE BUSINESS

Concordia Finance specializes in the financial needs of the commercial used truck market. The banking world today continues to change, becoming more focused on specific industry groups and less focused on geography. The result has been that several industries have been ignored as individual banks struggle to gain competitive advantages in the larger markets. Opportunity is thus created for the small company, which has the expertise to step into one of the disregarded segments. Concordia has been doing this since June of 1994.

## MARKET BACKGROUND

Sixty years ago the local community was served by one or more banks, which considered each individual and business in the town as a customer. That began to change fifty years ago with the rapid growth of residential real estate and business property financing. Savings and Loans and Thrifts emerged to specialize in real estate. Concern for the local business community was replaced by marketing to a large geographical area.

Fifteen years ago small banks were being swallowed by large institutions. The restructuring was accelerated by the "Savings and Loan Scandal" which resulted in the closing of many small banks and the acquisition or merger of others. Large banks continued to grow larger. The cry from large banks has been that they must be allowed to do interstate business and be able to offer mutual funds and other securities to their customers. The former concept of local banking is gone. It was inevitable that several "niche markets" would be left without adequate financial service.

## CONCORDIA'S PLACE IN THE MARKET

Concordia Finance is designed to satisfy one of these niche markets. In 1993 the founders recognized the lack of institutional interest in financing commercial trucks. There are very few sources in California for this type of funding. They all require high commercial credit worthiness.

The California DMV licensed 80,000 "heavy" trucks in 1993. In 1999 this grew to 143,000 trucks. In Southern California it is estimated that over 25,000 of these commercial used trucks change owners each year. Independent truckers who are purchasing the main source of their business purchase the majority. If they own their own truck, they become an independent contractor and can double their net income.

Concordia is focused on the heavy type trucks - the "eighteen wheeler." By the time a good Freightliner, Kenworth or Peterbuilt tractor has been in service for a few years, it is ready for a major overhaul. Often this is when the trucker decides to trade it in rather than suffer the down time. A dealer takes it in trade, restores it to good condition, and places it for sale.

Concordia is especially interested in the first time commercial buyer. This is typically a driver with 5 years experience driving for someone else and now wants to have his own rig. He may have excellent personal credit but no commercial credit. He will usually buy a truck that is up to 10 years old, in good condition. The older truck is satisfactory for local hauls and seldom leaves southern California. This person pays a high rate of interest in order to establish his commercial credit record. Generally he is motivated to keep his record spotless. As a result less than 10% of these loans become delinquent and less than 7% require repossession.

The typical trucker needs financial help to buy the truck he wants; and the dealer needs cash to replace inventory. Competitive rates for such commercial sales contracts range from 1.25% to 2.5% interest rate per month. Concordia purchases, at a discount, sales contracts, which are for less than 48 months and show a 20% down payment. These are typically for trucks whose value is under \$30,000, are normally older ( 5 to 10 years ), and are often being purchased by a newly independent owner driver. These trucks are excellent collateral if one is prepared to accept them in case of a bad loan. Concordia is structured to specialize in this market.

The market in southern California is estimated to exceed \$500,000,000 in used truck sales. Concordia estimates at least 5% of the sales are candidates for good quality, high yield loans. With a market of \$25,000,000 in annual sales, which can be served by Concordia, there is ample opportunity to select those which are most favorable.

In 1999 Concordia purchased \$2.2 million in contracts from over a dozen dealers. Since 1994, Concordia has purchased over \$6 million and has been profitable every year. Although 1999 doubled the average of the first four years, it is still only 9% of the potential southern California market.

The under \$30,000 truck sale contract is a niche market which requires specialization. Concordia is designed to meet this need.

#### 2000 CURRENT POSITION

Concordia started the first quarter with a portfolio of \$3.5 million containing about 300 trucks. Concordia serves over a dozen dealers and over 40 investors. Most investors receive a check each month; the others let the interest accrue.

Cash flow results from collected monthly payments which are approximately 5% of the outstanding balance. Of this, approximately half is principle and half is interest. Experience indicates an additional 1% will be received in early pay-offs. The monthly cost of money plus other expenses is projected to be 2%. This results in approximately 4% of the outstanding balance as available each month to purchase new contracts. In 2000 Concordia expects to attract an additional \$2 million in new investor capital for a total growth of \$4 million.

Based on these projections, Concordia will add new dealers as required. During 1999, ten dealers were added and most of the dealers contacted began using Concordia immediately. The current dealers generate about \$300,000 of qualified new contracts each month. A large cash reserve exists to manage fluctuations in cash flow. Short term bank loans are also used as needed.

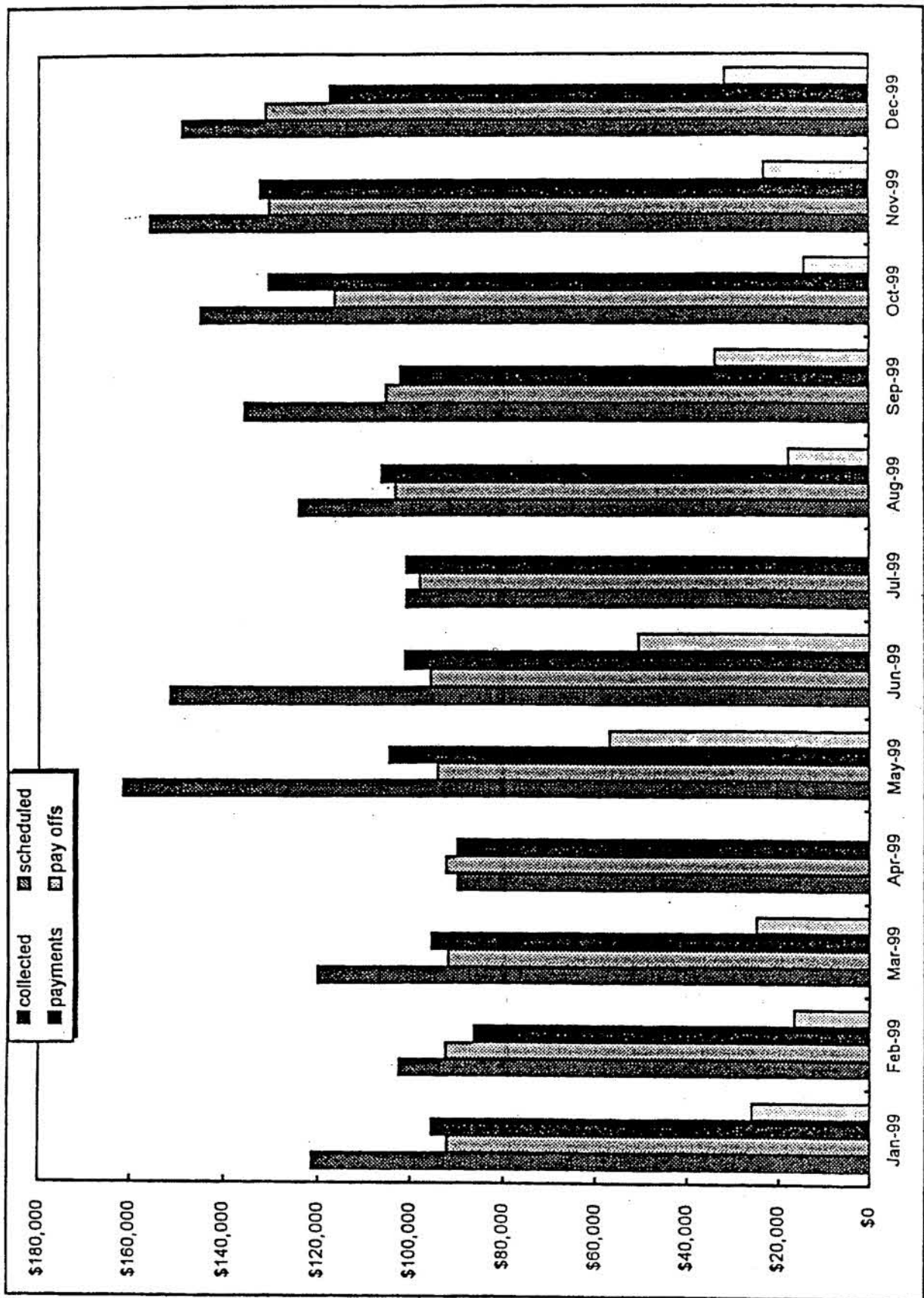
#### 2000 PLAN

In the year 2001, Concordia fully expects to be serving most of the dealers in the greater Los Angeles area. This will produce a portfolio of over \$7 million by the end of 2000. The current staff includes an operations manager, a contracts manager, and a collections manager. Two persons now assist the managers. One more person is planned to be added during 2000. Additional office space is identified in the same building. Additional computer equipment, desks and file cabinets will be required. The total overhead cost per contract, however, will be slightly lower than current levels.

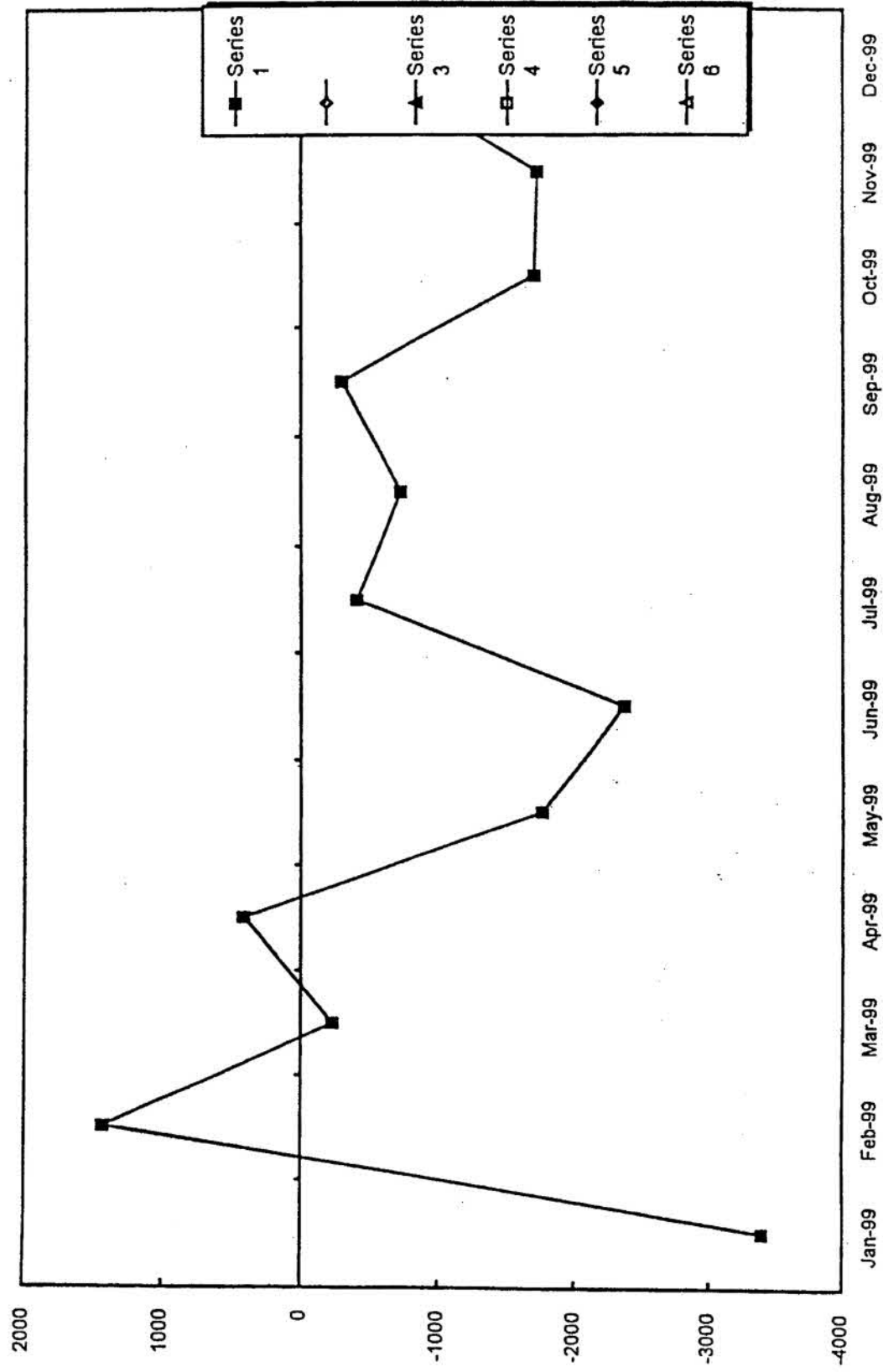
#### 2001 PLAN

In the year 2001 Concordia will likely grow to over \$10 million. Management will be established and experienced, so only clerical assistants will be needed in Ontario. A total staff of 8 persons is planned. During 2001 Concordia will expand into one additional territory. San Diego and San Francisco are being considered. An office staffed by two persons is anticipated for the new location. The office will be responsible for servicing the local dealerships as well as assistance in local collections and repossessions. Customer approval and most administrative tasks will be conducted in the Ontario office.

collected	Jan-99	Feb-99	Mar-99	Apr-99	May-99	Jun-99	
scheduled	\$121,386	\$102,386	\$120,123	\$89,833	\$161,511	\$151,491	
payments	\$92,100	\$92,400	\$91,800	\$92,200	\$94,100	\$95,600	
pay offs	\$95,495	\$86,145	\$95,352	\$89,833	\$104,602	\$101,016	
	\$25,891	\$16,679	\$24,771	\$0	\$56,909	\$50,475	
collected	Jul-99	Aug-99	Sep-99	Oct-99	Nov-99	Dec-99	
scheduled	\$100,634	\$123,955	\$135,646	\$145,145	\$155,733	\$148,922	746730
payments	\$97,800	\$103,000	\$105,100	\$116,200	\$130,500	\$131,200	558200
pay offs	\$100,634	\$106,010	\$101,918	\$130,626	\$132,433	\$117,220	572443
	\$0	\$17,945	\$33,728	\$14,519	\$23,300	\$31,702	174725
							747168



# SCHEDULED - PAID



# CONCORDIA FINANCE CO LTD

1999

## CASH COLLECTIONS ACCOUNT

<u>MONTH</u>	<u>AMT COLL</u>	<u>SCHEDULED</u>	<u>PAYOFFS</u>	<u>PMT ONLY</u>	<u>% PTO I</u>
JAN	\$121,386	\$92,100	\$25,891	\$95,495	104.00%
FEB	\$102,824	\$92,400	\$16,679	\$86,145	93.20%
MAR	\$120,123	\$91,800	\$24,771	\$95,352	103.80%
APR	\$89,833	\$92,200	\$0	\$89,833	97.43%
MAY	\$161,511	\$94,100	\$56,909	\$104,602	111.00%
JUN	\$151,491	\$95,600	\$50,475	\$101,016	105.65%
JUL	\$100,634	\$97,800	\$0	\$100,634	100.03%
AUG	\$123,955	\$103,000	\$17,945	\$106,010	102.90%
SEP	\$135,646	\$105,100	\$33,728	\$101,918	97.10%
OCT	\$145,145	\$116,200	\$14,519	\$130,626	112.40%
NOV	\$155,733	\$130,500	\$23,300	\$132,433	102.40%
DEC	\$148,922	\$131,200	\$31,702	\$117,220	89.34%
<u>TOTALS</u>	<u>\$1,557,204</u>	<u>\$1,242,000</u>	<u>\$295,919</u>	<u>\$1,261,285</u>	<u>AVERAGE</u> 101.60%
1997 %	89.5				
1998 %	98.5				

ACC011424



# CONCORDIA FINANCE CO LTD

1997

## DELINQUENCY REVIEW

### REPORTABLE

<u>MONTH</u>	<u>90+</u>	<u>90</u>	<u>60</u>	<u>30</u>	<u>DOLLARS</u>	<u>PERCENT</u>	<u>30 DAY %</u>
JAN 1	\$50,382	\$6,543	\$38,394	\$203,188	\$95,319	9.03%	19.26%
FEB 1	\$50,166	\$3,274	\$31,637	\$264,376	\$85,077	7.61%	23.64%
MAR 1	\$46,140	\$18,606	\$20,093	\$249,684	\$84,839	7.27%	21.41%
APR 1	\$43,125	\$20,442	\$52,930	\$250,782	\$116,497	9.98%	21.54%
MAY 1	\$64,520	\$2,934	\$71,395	\$335,329	\$142,849	11.89%	27.92%
JUN 1	\$57,416	\$17,111	\$70,423	\$282,935	\$144,950	12.19%	23.79%
JUL 1	\$57,302	\$20,063	\$61,521	\$293,598	\$138,886	11.52%	24.34%
AUG 1	\$2,441	\$28,166	\$73,147	\$180,143	\$103,754	8.72%	15.15%
SEP 1	\$0	\$22,635	\$74,598	\$174,179	\$97,133	8.05%	14.14%
OCT 1	\$0	\$0	\$77,653	\$188,061	\$77,653	6.35%	15.38%
NOV 1	\$0	\$31,959	\$31,000	\$273,765	\$62,959	5.05%	21.90%
DEC 1	\$11,316	\$32,851	\$40,798	\$315,068	\$84,965	6.51%	24.16%
					\$102,907	8.68%	21.05%

### PORTFOLIO SIZE

JAN 1	\$1,054,760	JUL 1	\$1,205,570
FEB 1	\$1,118,325	AUG 1	\$1,184,667
MAR 1	\$1,165,998	SEP 1	\$1,206,041
APR 1	\$1,163,849	OCT 1	\$1,222,015
MAY 1	\$1,200,385	NOV 1	\$1,247,095
JUN 1	\$1,188,860	DEC 1	\$1,303,645

ACC011425



1998

DELINQUENCY REVIEW

<u>MONTH</u>	<u>REPORTABLE</u>				
	<u>90+</u>	<u>90</u>	<u>60</u>	<u>30</u>	<u>DOLLARS PERCENT 30 DAY %</u>
JAN 31	\$17,784	\$7,870	\$105,956	\$281,653	\$131,610 9.45% 20.23%
FEB 30	\$0	\$31,198	\$93,443	\$336,916	\$124,641 8.64% 23.32%
MAR 31	\$12,811	\$22,113	\$99,292	\$332,936	\$134,216 9.63% 23.89%
APR 30	\$14,876	\$26,016	\$86,122	\$259,128	\$127,014 8.50% 17.34%
MAY 31	\$19,982	\$53,249	\$50,206	\$326,133	\$123,437 8.23% 21.76%
JUN 30	\$25,122	\$39,059	\$26,427	\$367,515	\$90,608 5.89% 23.91%
JUL 31	\$44,929	\$10,839	\$117,893	\$316,312	\$173,661 11.49% 20.92%
AUG 31	\$35,259	\$56,612	\$55,546	\$376,633	\$147,417 9.34% 23.92%
SEP 30	\$18,661	\$51,461	\$77,979	\$385,768	\$148,101 9.10% 23.71%
OCT 31	\$13,700	\$37,176	\$94,305	\$277,691	\$145,181 9.03% 17.28%
NOV 30	\$0	\$24,844	\$118,786	\$263,579	\$143,630 8.72% 16.01%
DEC 31	\$0	\$44,363	\$93,332	\$356,081	\$137,695 8.36% 22.07%
				AVERAGES:	8.87% 21.20%
				97 AVG	8.68% 21.05%

PORTFOLIO SIZE

JAN 31	\$1,391,619	JUL 31	\$1,510,805
FEB 28	\$1,442,444	AUG 31	\$1,577,685
MAR 31	\$1,393,560	SEP 30	\$1,626,354
APR 30	\$1,494,046	OCT 31	\$1,606,470
MAY 31	\$1,498,310	NOV 30	\$1,646,115
UN 30	\$1,537,052	DEC 31	\$1,645,882

ACC011426  
BERSCH

1999

DELINQUENCY REVIEW

REPORTABLE

<u>MONTH</u>	<u>90+</u>	<u>90</u>	<u>60</u>	<u>30</u>	<u>DOLLARS</u>	<u>PERCENT</u>	<u>30 DAY %</u>
JAN 31	\$0	\$11,922	\$94,880	\$221,783	\$106,802	6.51%	13.29%
FEB 28	\$0	\$59,086	\$96,836	\$274,272	\$155,922	8.82%	15.51%
MAR 31	\$6,248	\$20,406	\$128,264	\$296,988	\$154,918	8.38%	16.08%
APR 30	\$7,217	\$55,168	\$84,923	\$254,531	\$147,308	7.52%	12.99%
MAY 31	\$18,954	\$41,246	\$65,905	\$218,874	\$126,105	6.34%	11.01%
JUN 30	\$2,729	\$23,805	\$103,210	\$350,917	\$129,744	6.33%	17.14%
JUL 31	\$5,354	\$48,182	\$78,582	\$239,818	\$132,118	6.13%	11.03%
AUG 31	\$32,839	\$27,808	\$81,859	\$219,076	\$142,506	6.04%	9.28%
SEP 30	\$37,164	\$31,569	\$53,686	\$329,736	\$122,419	4.66%	12.55%
OCT 31	\$43,565	\$4,373	\$88,397	\$225,602	\$136,335	4.82%	7.98%
NOV 31	\$12,144	\$34,377	\$96,633	\$423,272	\$143,154	4.67%	13.81%
DEC 31	\$32,909	\$67,290	\$57,680	\$593,359	\$157,879	5.06%	19.01%
				AVERAGE:		6.27%	13.31%

PORTFOLIO SIZE

JAN 31	\$1,638,984	JUL 31	\$2,154,965
FEB 28	\$1,767,762	AUG 31	\$2,360,364
MAR 31	\$1,846,603	SEP 30	\$2,626,071
APR 30	\$1,959,266	OCT 31	\$2,826,682
MAY 31	\$1,987,498	NOV 30	\$3,062,822
JUN 30	\$2,047,220	DEC 31	\$3,122,142

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BERSCH

## MANAGEMENT

Ken Crowder, Founder and President

Ken is President and CFO and has managed Concordia Finance since it's beginning. He retired from defense/aerospace after a 35 year career which started as a research physicist and evolved into engineering management. The last 23 years were spent at Northrop (now Northrop Grumman) where he managed engineering projects and programs engaged in various new technologies. In that capacity he was responsible to division management to assure schedule, cost and performance goals were met.

Fred Wiseman, Founder and Vice President

Fred is also the owner and General Manager of Truck Trading. Truck Trading is expected to sell well over \$3 million in trucks this year. Fred brings the truck business expertise to Concordia. Fred has the truck industry knowledge needed to make Concordia successful. He has the experience to evaluate and select the best loans. Fred also has the business relationships necessary to take corrective action when needed. He has bought and sold over \$30 million in trucks in the span of his career. Fred personifies the management talent and experience which other lending institutions would have to get if they wished to be in this market.

## PERSONNEL

The loan manager is a former bank vice president who was in charge of truck loans. He reviews and approves each contract considered by Concordia and keeps on top of collections. Typically, 90% of all accounts are paid at least a week ahead of the due date.

The second employee is a collections specialist. She has been trained at Concordia and now has over four years experience with an excellent record. The third employee is the receptionist and is being trained as a collections specialist. As Concordia grows, these people will be supplemented. With the continuing shrinking of the job market in the banking industry, recruitment of outstanding talent is not a problem.

**Concordia Finance**  
**COLLATERAL RECOVERY RATE**  
**(Indirect Net Basis)**

	Rolling Last 12 Months MM/YY	(A) Cash Payments	(B) Recovery - Auction Proceeds	(C) Bad Debt Recoveries	(D) Total Cash Collections (A+B+C)	(E) CHARGE-OFF (Account Balance Less All Discount Rebates)	NET	(F) Purchase Discount Rebates	(G) Interest Payments Received
1	Jan-99	\$72,832	\$20,700	\$0	\$93,532		\$0	\$0	\$48,554
2	Feb-99	\$61,432	\$0	\$0	\$61,432		\$0	\$0	\$40,954
3	Mar-99	\$72,074	\$18,900	\$0	\$90,974		\$0	\$0	\$48,049
4	Apr-99	\$53,900	\$27,700	\$0	\$81,600		\$0	\$0	\$35,933
5	May-99	\$96,907	\$0	\$0	\$96,907		\$0	\$0	\$64,604
6	Jun-99	\$90,895	\$4,200	\$0	\$95,095		\$0	\$0	\$60,596
7	Jul-99	\$60,381	\$24,700	\$0	\$85,081		\$0	\$0	\$40,253
8	Aug-99	\$74,373	\$50,500	\$0	\$124,873		\$0	\$0	\$49,582
9	Sep-99	\$81,388	\$16,900	\$0	\$98,288		\$0	\$0	\$54,258
10	Oct-99	\$87,087	\$8,900	\$0	\$95,987		\$0	\$0	\$58,058
11	Nov-99	\$93,440	\$0	\$0	\$93,440		\$0	\$0	\$62,293
12	Dec-99	\$89,354	\$77,700	\$0	\$167,054		\$0	\$0	\$59,568
<b>Totals</b>		<b>\$934,063</b>	<b>\$250,200</b>	<b>\$0</b>	<b>\$1,184,263</b>		<b>\$0</b>	<b>\$0</b>	<b>\$622,702</b>

**Accounts Recievable Aging  
Historic Delinquency Profile:**

Category	As of 12/31/97	%	As of 12/31/98	%	As of 12/31/99	%
Current	\$903,612	65	\$1,152,106	65	\$2,370,912	70
1 to 30 Ddays	\$315,068	23	\$356,081	20	\$593,351	18
31 to 60 Days	\$40,798	3	\$93,332	5	\$57,680	2
61 to 90 Days	\$32,851	2	\$44,363	3	\$67,290	2
91+ Days	\$11,316	1	\$0	0	\$32,909	1
Employee Loans	\$4,700	0.03	\$3,600	0.02	\$11,200	0.03
Banckrupts	\$0	0	\$0	0	\$0	0
Legal Accts	\$0	0	\$0	0	\$0	0
Repos	\$90,900	6	\$119,100	7	\$250,200	7
Totals	\$1,399,245	100	\$1,768,582	100	\$3,383,542	100
# of Loans	138		170		238	

## Policies and Procedures for Underwriting/Collections

### Underwriting

Each Contract is reviewed on an individual basis. Factors for approval are the size of down payment, age of vehicle, fair market value, credit of applicant, and payment size. Typical contracts are for 36 months and are less than \$1000 payment. The maximum length is 48 months. The credit of the buyer is expected to be in the C and D range. Therefore we require a 20 – 25% down payment. This ensures that in the event of default, we can still recoup our loss.

### Collections

The policy for collections is as follows. As soon as a contract becomes delinquent our computer notifies us via a daily report. For contracts under 30 days, phone calls are used to attempt to bring the client current. These calls do not exceed once per day. Once a contract goes 31 days down it is brought to the attention of a committee. This committee then reviews all cases individually. The proper course of action is then decided upon. This may include continuing to collect or repossession. Repossessions are carried out by a third party to limit our liability.

CONCORDIA FINANCE COMPANY, LTD.  
(A CORPORATION)

FINANCIAL PROJECTIONS

DECEMBER 31, 2000 THROUGH DECEMBER 31, 2004

# BUTTKE BERSCH & WANZEK, PC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Charles Buttke, CPA  
Michael Bersch, CPA  
David Wanzek, CPA

AZ 86403

FAX

TO THE BOARD OF DIRECTORS  
CONCORDIA FINANCE COMPANY, LTD  
[REDACTED], SUITE [REDACTED]  
[REDACTED] CA [REDACTED]

WE HAVE COMPILED THE ACCOMPANYING PROJECTED BALANCE SHEET, AND STATEMENTS OF INCOME, RETAINED EARNINGS, AND CASH FLOWS OF CONCORDIA FINANCE COMPANY, LTD. FOR SIX-MONTH INCREMENTS FROM JUNE 30, 2000 THROUGH DECEMBER 31, 2004, AND FOR THE YEARS THEN ENDING, IN ACCORDANCE WITH STANDARDS ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS.

THE ACCOMPANYING PROJECTION AND THIS REPORT WERE PREPARED FOR KANSAS CITY LIFE FOR THE PURPOSE OF EVALUATING A LOAN REQUEST MADE BY CONCORDIA FINANCE COMPANY, LTD. AND SHOULD NOT BE USED FOR ANY OTHER PURPOSE.

A COMPILATION IS LIMITED TO PRESENTING IN THE FORM OF A PROJECTION INFORMATION THAT IS THE REPRESENTATION OF MANAGEMENT AND DOES NOT INCLUDE EVALUATION OF THE SUPPORT FOR THE ASSUMPTIONS UNDERLYING THE PROJECTION. WE HAVE NOT EXAMINED THE PROJECTION AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE ON THE ACCOMPANYING STATEMENTS OR ASSUMPTIONS. FURTHERMORE, EVEN IF THE LOAN IS MADE BY KANSAS CITY LIFE, THERE WILL USUALLY BE DIFFERENCES BETWEEN THE PROJECTED AND ACTUAL RESULTS, BECAUSE EVENTS AND CIRCUMSTANCES FREQUENTLY DO NOT OCCUR AS EXPECTED, AND THOSE DIFFERENCES MAY BE MATERIAL. WE HAVE NO RESPONSIBILITY TO UPDATE THIS REPORT FOR EVENTS AND CIRCUMSTANCES OCCURRING AFTER THE DATE OF THIS REPORT.

WE ARE NOT INDEPENDENT WITH RESPECT TO CONCORDIA FINANCE COMPANY, LTD.

March 30, 2000

*Maryanne Schulte*

MARYANNE SCHULTE, CPA  
BUTTKE, BERSCH & WANZEK, P.C.

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CONCORDIA FINANCE COMPANY, LTD  
PROJECTED BALANCE SHEET BASED ON \$1M ANNUAL GROWTH IN SERVICE CONTRACTS  
JUNE 30, 2000-2004 AND DECEMBER 31, 2000-2004

	Historical				Projections									
	31-Dec-99	30-Jun-00	31-Dec-00	30-Jun-01	30-Dec-01	30-Jun-02	30-Dec-02	30-Jun-03	30-Dec-03	30-Jun-04	30-Dec-04			
<b>ASSETS</b>														
Cash	\$ 532,907	\$ 539,302	\$ 545,774	\$ 552,323	\$ 558,951	\$ 565,568	\$ 572,446	\$ 579,315	\$ 586,287	\$ 593,302	\$ 600,422			
Investments	-	297,373	355,985	411,843	468,089	524,089	583,089	642,089	701,089	760,089	819,089			
Contracts receivable - net	288,149	347,089	406,089	465,089	524,089	583,089	642,089	701,089	760,089	819,089	878,089			
Inventory	339,036	343,104	347,221	351,388	355,605	359,872	364,190	368,560	372,983	377,459	381,889			
Prepaid income taxes	6,524	6,602.00	6,681	6,761	6,842	6,924	7,007	7,091	7,178	7,262	7,349			
Other accounts receivable	328,260	26,780	27,101	27,428	27,755	28,088	28,425	28,766	29,111	29,460	29,814			
Furniture and equipment	38,821	37,426	37,426	37,426	37,426	37,426	37,426	37,426	37,426	37,426	37,426			
Servicing contracts	2,441,518	2,294,518	3,441,518	3,941,518	4,441,518	4,941,518	5,441,518	5,941,518	6,441,518	6,941,518	7,441,518			
Deferred tax asset	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284	10,284			
<b>TOTAL ASSETS</b>	<b>\$ 3,983,518</b>	<b>\$ 4,549,488</b>	<b>\$ 5,178,089</b>	<b>\$ 5,804,088</b>	<b>\$ 6,489,700</b>	<b>\$ 7,180,102</b>	<b>\$ 7,893,553</b>	<b>\$ 8,604,478</b>	<b>\$ 9,475,904</b>	<b>\$ 10,281,059</b>	<b>\$ 11,118,852</b>			
<b>LIABILITIES</b>														
Accounts payable	\$ 1,374	\$ 703	\$ 1,440	\$ 737	\$ 1,508	\$ 773	\$ 1,583	\$ 810	\$ 1,659	\$ 849	\$ 1,739			
Stockholder loans	34,288	34,699	35,115	35,537	35,953	36,395	36,832	37,274	37,721	38,174	38,632			
Servicing contracts	2,441,518	2,841,518	3,441,518	3,941,518	4,441,518	4,941,518	5,441,518	5,941,518	6,441,518	6,941,518	7,441,518			
Investor deposits	386,474	395,749	405,247	414,973	424,932	435,130	445,573	456,287	467,217	478,430	489,912			
Notes payable	831,493	851,448	871,405	892,319	913,232	935,150	957,067	980,037	1,003,008	1,027,078	1,051,150			
<b>TOTAL LIABILITIES</b>	<b>\$ 3,695,147</b>	<b>\$ 4,224,118</b>	<b>\$ 4,754,725</b>	<b>\$ 5,285,084</b>	<b>\$ 5,817,154</b>	<b>\$ 6,348,966</b>	<b>\$ 6,882,573</b>	<b>\$ 7,415,906</b>	<b>\$ 7,951,121</b>	<b>\$ 8,486,049</b>	<b>\$ 9,022,951</b>			
<b>STOCKHOLDERS' EQUITY</b>														
Common stock, no par value, 761 shares authorized, issued and outstanding	107,952	107,952	107,952	107,952	107,952	107,952	107,952	107,952	107,952	107,952	107,952			
Additional paid-in capital	-	-	-	-	-	-	-	-	-	-	-			
Retained earnings	180,420	217,418	315,412	411,032	514,594	624,184	739,128	864,020	1,000,853	1,149,059	1,301,899			
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>\$ 288,372</b>	<b>\$ 325,370</b>	<b>\$ 423,364</b>	<b>\$ 518,984</b>	<b>\$ 682,546</b>	<b>\$ 831,136</b>	<b>\$ 1,048,980</b>	<b>\$ 1,289,572</b>	<b>\$ 1,524,783</b>	<b>\$ 1,795,010</b>	<b>\$ 2,095,901</b>			
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$ 3,883,518</b>	<b>\$ 4,549,488</b>	<b>\$ 5,178,089</b>	<b>\$ 5,804,088</b>	<b>\$ 6,489,700</b>	<b>\$ 7,180,102</b>	<b>\$ 7,893,553</b>	<b>\$ 8,604,478</b>	<b>\$ 9,475,904</b>	<b>\$ 10,281,059</b>	<b>\$ 11,118,852</b>			

CONCORDIA FINANCE COMPANY, LTD  
PROJECTED STATEMENT OF INCOME BASED ON \$1M GROWTH IN SERVICE CONTRACTS  
FOR THE YEARS ENDING DECEMBER 31, 2000 THROUGH DECEMBER 31, 2004

	Historical										Projections									
	1/1/99-	1/1/00-	1/1/00-	1/1/2001-	1/1/01-	1/1/2002-	1/1/2002-	1/1/2003-	1/1/2003-	1/1/2004-	1/1/2004-	1/1/2005-	1/1/2005-	1/1/2006-	1/1/2006-	1/1/2007-	1/1/2007-	1/1/2008-	1/1/2008-	1/1/2009-
INTEREST INCOME AND DISCOUNTS EARNED																				
Servicing Fees	123,189	68,300	123,100	68,300	123,001	123,001	68,300	123,002	123,002	68,300	123,003	123,003	68,300	123,004	123,004	68,300	123,005	123,005	68,300	123,006
Interest	577,341	207,315	478,487	271,175	606,217	335,047	733,973	398,830	861,753	462,827	988,562	593,737	277,686	593,737	277,686	593,737	277,686	593,737	277,686	593,737
Discounts earned	128,318	77,950	182,400	104,450	235,400	130,950	288,400	157,450	341,400	183,950	394,400	219,450	104,450	219,450	104,450	219,450	104,450	219,450	104,450	219,450
Total fees, interest and discounts earned	\$ 708,859	\$ 408,654	\$ 847,979	\$ 538,330	\$ 1,205,547	\$ 667,025	\$ 1,462,757	\$ 785,738	\$ 1,720,205	\$ 924,473	\$ 1,877,699	\$ 1,112,882	\$ 511,516	\$ 1,112,882	\$ 511,516	\$ 1,112,882	\$ 511,516	\$ 1,112,882	\$ 511,516	\$ 1,112,882
INTEREST EXPENSE																				
Interest on notes payable	\$ 286,094	\$ 151,080	\$ 308,262	\$ 158,342	\$ 324,106	\$ 165,842	\$ 338,663	\$ 173,908	\$ 355,867	\$ 182,256	\$ 373,053	\$ 200,000	\$ 100,000	\$ 200,000	\$ 100,000	\$ 200,000	\$ 100,000	\$ 200,000	\$ 100,000	\$ 200,000
Interest on stockholder loans	4,238	2,144	4,340	2,186	4,445	2,249	4,552	2,304	4,662	2,359	4,775	2,469	1,234	2,469	1,234	2,469	1,234	2,469	1,234	2,469
Total interest expense	\$ 289,332	\$ 153,224	\$ 313,602	\$ 160,528	\$ 328,551	\$ 168,091	\$ 343,215	\$ 176,212	\$ 360,529	\$ 184,514	\$ 377,828	\$ 202,469	\$ 101,234	\$ 202,469	\$ 101,234	\$ 202,469	\$ 101,234	\$ 202,469	\$ 101,234	\$ 202,469
PROVISION FOR CONTRACT LOSSES	\$ -	\$ 8,877	\$ 20,305	\$ 11,827	\$ 26,205	\$ 14,577	\$ 32,105	\$ 17,527	\$ 38,005	\$ 20,477	\$ 43,805	\$ 24,690	\$ 12,345	\$ 24,690	\$ 12,345	\$ 24,690	\$ 12,345	\$ 24,690	\$ 12,345	\$ 24,690
Net interest income after provision for contract losses	\$ 407,227	\$ 247,743	\$ 614,072	\$ 366,165	\$ 850,591	\$ 484,257	\$ 1,086,437	\$ 601,989	\$ 1,321,571	\$ 719,382	\$ 1,555,966	\$ 910,413	\$ 400,282	\$ 910,413	\$ 400,282	\$ 910,413	\$ 400,282	\$ 910,413	\$ 400,282	\$ 910,413
OTHER INCOME																				
Contract penalty fees	\$ 12,105	\$ 14,708	\$ 17,208	\$ 18,708	\$ 22,208	\$ 24,708	\$ 27,208	\$ 28,708	\$ 32,208	\$ 34,708	\$ 37,208	\$ 38,708	\$ 42,208	\$ 44,708	\$ 47,208	\$ 48,708	\$ 52,208	\$ 54,708	\$ 57,208	\$ 59,708
Miscellaneous income	525	269	561	282	578	286	606	310	635	325	666	340	170	340	170	340	170	340	170	340
OPERATING EXPENSES - SCHEDULE 1	\$ (374,484)	\$ (194,307)	\$ (403,340)	\$ (208,343)	\$ (434,681)	\$ (234,502)	\$ (494,017)	\$ (280,331)	\$ (548,061)	\$ (287,023)	\$ (627,154)	\$ (340,000)	\$ (170,000)	\$ (340,000)	\$ (170,000)	\$ (340,000)	\$ (170,000)	\$ (340,000)	\$ (170,000)	\$ (340,000)
INCOME BEFORE TAXES	\$ 45,473	\$ 68,413	\$ 228,491	\$ 178,812	\$ 438,696	\$ 274,759	\$ 620,234	\$ 371,666	\$ 805,353	\$ 457,392	\$ 966,866	\$ 570,413	\$ 230,282	\$ 570,413	\$ 230,282	\$ 570,413	\$ 230,282	\$ 570,413	\$ 230,282	\$ 570,413
Provision for taxes	(9,965)	(31,415)	(63,489)	(81,182)	(179,614)	(126,169)	(253,800)	(152,094)	(329,550)	(187,165)	(395,569)	(219,450)	(109,725)	(219,450)	(109,725)	(219,450)	(109,725)	(219,450)	(109,725)	(219,450)
NET INCOME	\$ 35,507	\$ 36,998	\$ 134,992	\$ 95,622	\$ 259,182	\$ 148,590	\$ 366,434	\$ 219,582	\$ 475,803	\$ 270,227	\$ 571,118	\$ 350,963	\$ 120,557	\$ 350,963	\$ 120,557	\$ 350,963	\$ 120,557	\$ 350,963	\$ 120,557	\$ 350,963

CONCORDIA FINANCE COMPANY, LTD  
PROJECTED STATEMENT OF CASH FLOWS BASED ON \$1M GROWTH IN SERVICE CONTRACTS  
FOR THE YEARS ENDING DECEMBER 31, 2000 THROUGH DECEMBER 30, 2004

	Historical				Projections							
	01-Jan-99	01-Jan-00	01-Jan-00	01-Jan-01	01-Jan-01	01-Jan-02	01-Jan-02	01-Jan-03	01-Jan-03	01-Jan-04	01-Jan-04	01-Jan-04
CASH FLOWS FROM OPERATING ACTIVITIES												
Net income	\$ 35,507	\$ 36,598	\$ 134,993	\$ 95,520	\$ 259,181	\$ 148,590	\$ 366,434	\$ 219,592	\$ 475,803	\$ 270,227	\$ 571,118	
Adjustments to reconcile net income to net cash provided by operating activities												
Depreciation	\$ 18,218	\$ 9,328	\$ 19,104	\$ 9,781	\$ 20,031	\$ 10,516	\$ 21,537	\$ 11,027	\$ 22,583	\$ 11,856	\$ 24,281	
Decrease (increase) in other accounts receivable	(287,787)	289,500	289,179	(326)	(655)	(333)	(670)	(341)	(686)	(349)	(703)	
Decrease (increase) in inventory	(139,488)	(4,068)	(8,185)	(4,166)	(8,333)	(4,267)	(8,586)	(4,310)	(8,793)	(4,476)	(9,005)	
Increase (decrease) in accounts payable	1,374	(671)	87	(703)	70	(738)	73	(773)	77	(811)	81	
Decrease (increase) in prepaids	(119)	(76)	(158)	(80)	(161)	(82)	(165)	(84)	(169)	(88)	(174)	
Total adjustments	(407,802)	304,011	310,006	4,506	10,302	5,096	12,189	5,459	13,012	6,134	14,480	
Net cash provided (used) by operating activities	\$ (372,295)	\$ 341,009	\$ 444,999	\$ 100,126	\$ 270,033	\$ 153,686	\$ 378,623	\$ 225,051	\$ 488,815	\$ 276,361	\$ 585,598	
CASH FLOWS FROM INVESTING ACTIVITIES												
Net change in contracts receivable	\$ 413,052	\$ (59,550)	\$ (117,980)	\$ (56,000)	\$ (118,000)	\$ (59,000)	\$ (118,000)	\$ (59,000)	\$ (118,000)	\$ (59,000)	\$ (118,000)	
Purchase of furniture and equipment	(17,621)	(7,333)	(17,709)	(9,781)	(20,031)	(10,516)	(21,537)	(11,027)	(22,583)	(11,856)	(24,281)	
Change in investments	-	(287,373)	(355,986)	(55,857)	(181,235)	(110,010)	(280,935)	(182,860)	(402,883)	(234,207)	(500,911)	
Redemption of common stock	87,952	-	-	-	-	-	-	-	-	-	-	
Net cash provided (used) by investing activities	\$ 483,383	\$ (364,256)	\$ (491,645)	\$ (124,538)	\$ (319,268)	\$ (179,526)	\$ (430,472)	\$ (262,287)	\$ (543,466)	\$ (305,053)	\$ (643,192)	
CASH FLOWS FROM FINANCING ACTIVITIES												
Increase in stockholder loans	\$ 239	\$ 411	\$ 828	\$ 421	\$ 848	\$ 431	\$ 868	\$ 441	\$ 889	\$ 452	\$ 910	
Change in investor deposits	386,474	9,275	18,773	9,726	19,685	10,198	20,641	10,594	21,644	11,213	22,695	
Principal payments on loans	161,454	19,956	39,912	20,914	41,827	21,916	43,835	22,870	45,839	24,072	46,144	
Dividends payments	(78,410)	-	-	-	-	-	-	-	-	-	-	
To reclass paid in capital	(109,542)	-	-	-	-	-	-	-	-	-	-	
Net cash provided (used) by financing activities	\$ 386,215	\$ 29,642	\$ 59,513	\$ 31,061	\$ 62,380	\$ 32,547	\$ 65,344	\$ 34,106	\$ 68,472	\$ 35,337	\$ 71,749	
NET (DECREASE) IN CASH	\$ 471,303	\$ 6,385	\$ 12,867	\$ 6,549	\$ 13,177	\$ 6,707	\$ 13,495	\$ 6,869	\$ 13,821	\$ 7,035	\$ 14,155	
CASH BALANCE - JANUARY 1,	\$ 61,604	\$ 632,907	\$ 632,907	\$ 645,774	\$ 645,774	\$ 656,951	\$ 656,951	\$ 672,446	\$ 672,446	\$ 686,267	\$ 686,267	
CASH BALANCE - JUNE 30/DECEMBER 30	\$ 532,907	\$ 639,302	\$ 645,774	\$ 652,323	\$ 658,951	\$ 665,688	\$ 672,446	\$ 679,315	\$ 686,267	\$ 693,302	\$ 699,422	

See Accountants' Compilation Report and Accompanying Notes to Financial Statements

CONCORDIA FINANCE COMPANY, LTD  
 PROJECTED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
 BASED ON \$1M ANNUAL GROWTH IN SERVICE CONTRACTS  
 FOR THE YEARS ENDING DECEMBER 31, 2000 THROUGH DECEMBER 30, 2004

	Historical				Projections							
	1-Jan-99 thru 31-Dec-99	1-Jan-00 thru 30-Jun-00	1-Jan-00 thru 31-Dec-00	1-Jan-01 thru 30-Jun-01	1-Jan-01 thru 31-Dec-01	1-Jan-02 thru 30-Jun-02	1-Jan-02 thru 31-Dec-02	1-Jan-03 thru 30-Jun-03	1-Jan-03 thru 31-Dec-03	1-Jan-04 thru 30-Jun-04	1-Jan-04 thru 31-Dec-04	
Common Stock Beginning Balance	\$ 107,952	\$ 107,952	\$ 107,952	\$ 107,952	\$ 107,952	\$ 107,952	\$ 107,952	\$ 107,952	\$ 107,952	\$ 107,952	\$ 107,952	
Additions	-	-	-	-	-	-	-	-	-	-	-	
Common Stock Ending Balance	107,952	107,952	107,952	107,952	107,952	107,952	107,952	107,952	107,952	107,952	107,952	
Additional Paid-In Capital Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	
Additions	-	-	-	-	-	-	-	-	-	-	-	
Additional Paid-In Capital Ending Balance	-	-	-	-	-	-	-	-	-	-	-	
Retained Earnings Beginning Balance	223,323	180,420	180,420	315,412	315,412	574,594	574,594	941,028	941,028	1,416,831	1,416,831	
Less Dividend Distributions	(78,410)	-	-	-	-	-	-	-	-	-	-	
Net Income	35,507	36,998	134,992	95,620	259,182	148,590	366,434	219,592	475,803	270,227	571,118	
Retained Earnings Ending Balance	180,420	217,418	315,412	411,032	574,594	723,184	941,028	1,160,620	1,416,831	1,687,058	1,987,949	
Stockholders' Equity Ending Balance	\$ 288,372	\$ 325,370	\$ 423,364	\$ 516,983	\$ 682,545	\$ 831,136	\$ 1,048,979	\$ 1,268,572	\$ 1,524,783	\$ 1,795,009	\$ 2,095,901	

See Accountants' Compilation Report and Accompanying Notes to Financial Statements

**CONCORDIA FINANCE COMPANY, LTD.**  
**PROJECTED SCHEDULE OF OPERATING EXPENSES BASED ON \$1M ANNUAL GROWTH IN SERVICE CONTRACTS**  
**FOR THE PERIOD OF JANUARY 1, 2000 THROUGH DECEMBER 30, 2004**

	Historical				Projections											
	1/1/99-	1/1/00-	1/1/00-	1/1/2001-	1/1/01-	1/1/2002-	1/1/2002-	1/1/2003-	1/1/2003-	1/1/2004-	1/1/2004-	1/1/2004-	1/1/2004-	1/1/2004-	1/1/2004-	1/1/2004-
Accounting	12,211,088	09,300,000	12,211,000	09,300,001	12,230,001	12,230,002	12,230,002	09,300,003	12,230,003	09,300,004	12,230,004	12,230,004	12,230,004	12,230,004	12,230,004	12,230,004
Advertising and Promotion	5,810	2,872	5,882	3,012	6,169	3,239	6,533	3,386	6,955	3,651	7,477	7,477	7,477	7,477	7,477	7,477
Auto expense	371	180	389	189	408	214	438	224	458	241	494	494	494	494	494	494
Bank charges	2,852	1,460	2,990	1,531	3,135	1,646	3,371	1,728	3,535	1,856	3,801	3,801	3,801	3,801	3,801	3,801
Collection costs	516	264	541	277	587	298	610	312	639	335	686	686	686	686	686	686
Credit reports	3,488	1,781	3,686	1,878	3,846	2,018	4,135	2,117	4,336	2,276	4,661	4,661	4,661	4,661	4,661	4,661
Custodian fee	69,437	35,552	72,810	37,278	76,347	40,082	82,088	42,029	86,076	45,189	92,547	92,547	92,547	92,547	92,547	92,547
Depreciation expense	18,218	9,328	19,104	9,781	20,031	10,518	21,537	11,027	22,683	11,856	24,261	24,261	24,261	24,261	24,261	24,261
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues and subscriptions	1,106	566	1,159	583	1,214	637	1,305	688	1,386	718	1,470	1,470	1,470	1,470	1,470	1,470
Factor discounts	5,330	2,729	5,589	2,862	5,861	3,077	6,302	3,227	6,609	3,470	7,107	7,107	7,107	7,107	7,107	7,107
Insurance - medical	14,282	7,312	14,975	7,667	15,702	8,244	16,884	8,645	17,705	9,285	19,036	19,036	19,036	19,036	19,036	19,036
Insurance - general and worker's compensation	3,362	1,764	3,703	1,943	4,079	2,141	4,504	2,475	5,322	2,934	6,309	6,309	6,309	6,309	6,309	6,309
Legal and professional expense	5,275	2,701	5,532	2,832	5,800	3,045	6,236	3,193	6,539	3,433	7,031	7,031	7,031	7,031	7,031	7,031
Licenses and permits	580	297	608	311	637	334	684	350	717	376	770	770	770	770	770	770
Meals and entertainment	1,186	607	1,243	636	1,303	684	1,401	717	1,468	771	1,579	1,579	1,579	1,579	1,579	1,579
Miscellaneous overhead	4,288	2,195	4,495	2,301	4,712	2,474	5,067	2,564	5,313	2,789	5,712	5,712	5,712	5,712	5,712	5,712
Office supplies	7,763	3,975	8,141	4,168	8,536	4,481	9,177	4,688	9,824	5,053	10,348	10,348	10,348	10,348	10,348	10,348
Payroll processing	2,148	1,100	2,253	1,154	2,363	1,241	2,542	1,302	2,686	1,400	2,867	2,867	2,867	2,867	2,867	2,867
Payroll taxes	15,705	8,242	17,302	9,080	18,061	10,507	22,594	12,147	26,121	14,389	30,864	30,864	30,864	30,864	30,864	30,864
Postage	1,878	859	1,759	901	1,845	969	1,985	1,016	2,081	1,093	2,238	2,238	2,238	2,238	2,238	2,238
Printing	1,075	550	1,128	577	1,182	621	1,272	651	1,333	700	1,434	1,434	1,434	1,434	1,434	1,434
Rent	18,024	9,740	19,848	10,213	20,916	10,981	22,489	11,514	23,581	12,380	25,354	25,354	25,354	25,354	25,354	25,354
Salary expense	181,882	95,452	200,373	105,156	220,743	121,685	261,871	140,674	302,505	166,756	358,582	358,582	358,582	358,582	358,582	358,582
Telephone	8,796	4,504	9,224	4,723	9,673	5,078	10,400	5,325	10,806	5,726	11,727	11,727	11,727	11,727	11,727	11,727
Travel and meals	502	257	526	289	551	289	582	303	621	326	668	668	668	668	668	668
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 374,484</b>	<b>\$ 184,307</b>	<b>\$ 403,340</b>	<b>\$ 208,343</b>	<b>\$ 434,881</b>	<b>\$ 234,502</b>	<b>\$ 484,017</b>	<b>\$ 260,331</b>	<b>\$ 549,061</b>	<b>\$ 297,023</b>	<b>\$ 627,154</b>	<b>\$ 627,154</b>	<b>\$ 627,154</b>	<b>\$ 627,154</b>	<b>\$ 627,154</b>	<b>\$ 627,154</b>

See Accountants' Compilation Report and Accompanying Notes to Financial Statements

CONCORDIA FINANCE COMPANY, LTD.  
NOTES TO FINANCIAL PROJECTION  
DECEMBER 31, 2000 THROUGH DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

COMPANY PROFILE

THE CONCORDIA FINANCING COMPANY, LTD. (dba CONDORDIA FINANCE COMPANY, LTD.) WAS INCORPORATED IN CALIFORNIA ON APRIL 19, 1994 AND IS IN THE BUSINESS OF BUYING COMMERCIAL TRUCK SALES CONTRACTS FROM LICENSED USED TRUCK DEALERS. THESE CONTRACTS ARISE WHEN A TRUCK DEALER SELLS A USED TRUCK TO AN INDIVIDUAL WHO WILL TYPICALLY OPERATE IT IN THE LOCAL AREA AS AN OWNER-OPERATOR. THE COMPANY'S TARGET MARKET IS BORROWERS WHO HAVE MADE A SIGNIFICANT DOWN PAYMENT FOR THEIR TRUCK, BUT WHOSE BORROWING NEEDS ARE NOT BEING MET BY TRADITIONAL FINANCIAL INSTITUTIONS. SALES CONTRACTS ARE SECURED BY TRUCKS AND THE COMPANY HOLDS TITLE TO THE TRUCKS. SALES CONTRACTS ARE NORMALLY HELD AS INVESTMENTS, OR SOLD AND SERVICED UNDER A SALE OF CONTRACTS AND SERVICING AGREEMENT.

METHOD OF ACCOUNTING

ASSETS, LIABILITES, REVENUES AND EXPENSES ARE ACCOUNTED FOR USING ACCRUAL METHOD OF ACCOUNTING.

CASH

FOR PURPOSES OF THE STATEMENT OF CASH FLOWS, CASH IS DEFINED AS CASH ON HAND, CASH IN BANK ACCOUNTS, AND SHORT-TERM CERTIFICATES OF DEPOSIT WITH ORIGINAL MATURITIES OF THREE MONTHS OR LESS.

USE OF ESTIMATES

THE PREPARATION OF FINANCIAL STATEMENTS IN C ONFORMITY WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES REQUIRES MANAGEMENT TO MAKE ESTIMATES AND ASSUMPTIONS THAT AFFECT CERTAIN REPORTED AMOUNTS AND DISCLOSURES. ACCORDINGLY, ACTUAL RESULTS COULD DIFFER FROM THOSE ESTIMATES.

CONTRACTS RECEIVABLE

CONTRACTS RECEIVABLE, THAT MANAGEMENT HAS THE INTENT AND ABILITY TO HOLD UNTIL MATURITY OR PAYOFF, ARE REPORTED AT THEIR OUTSTANDING UNPAID PRINCIPAL BALANCES, REDUCED BY ANY CHARGE-OFF AND NET OF ANY UNAMORTIZED PREMIUMS OR DISCOUNTS ON PURCHASED LOANS.

SALES CONTRACT PURCHASE DISCOUNTS AND ORIGINATION FEES ARE CAPITALIZED AND RECOGNIZED AS AN ADJUSTMENT OF THE YIELD ON THE RELATED LOAN USING THE EFFECTIVE INTEREST METHOD OVER THE LOAN TERM. A LOAN LOSS RESERVE IS MAINTAINED AT A LEVEL ADEQUATE TO ABSORB PROBABLE LOSSES. MANAGEMENT DETERMINES THE ADEQUACY OF THE RESERVE BASED UPON REVIEWS OF SPECIFIC CONTRACTS, RECENT LOSS EXPERIENCE, CURRENT ECONOMIC CONDITIONS, AND OTHER PERTINENT FACTORS. SEE NOTE 3 AND 7 FOR ADDITIONAL INFORMATION.

See Accountant's Compilation Report



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (contd.)

DEPRECIATION

FURNITURE AND EQUIPMENT ARE STATED AT COST. DEPRECIATION IS COMPUTED USING STRAIGHT LINE AND ACCELERATED METHODS OVER THE ASSETS' ESTIMATED USEFUL LIFE OF FIVE TO SEVEN YEARS.

MAINTENANCE AND REPAIRS ARE CHARGED TO EXPENSE AS INCURRED; MAJOR RENEWALS AND BETTERMENTS ARE CAPITALIZED. WHEN ITEMS OF FURNITURE OR EQUIPMENT ARE SOLD OR RETIRED, THE RELATED COST AND ACCUMULATED DEPRECIATION ARE REMOVED FROM THE ACCOUNTS AND ANY GAIN OR LOSS IS INCLUDED IN THE RESULTS OF OPERATIONS.

INCOME RECOGNITION

INTEREST ON LOANS IS ACCRUED USING THE SIMPLE INTEREST METHOD AND CREDITED BASED ON THE PRINCIPAL AMOUNT OUTSTANDING.

INCOME TAXES

INCOME TAXES CONSIST OF TAXES CURRENTLY DUE PLUS DEFERRED TAXES. DEFERRED TAXES REPRESENT THE FUTURE TAX RETURN CONSEQUENCES OF ALTERNATE METHODS OF INCOME AND EXPENSE RECOGNITION FOR FINANCIAL STATEMENT AND TAX RETURN REPORTING PURPOSES.

2. CONTRACTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

CONTRACTS RECEIVABLE ARE PURCHASED FROM TRUCK DEALERS SHORTLY AFTER THE DEALER SOLD AND FINANCED THE SALE OF A TRUCK. MOST LOAN CONTRACTS HAVE INITIAL PRINCIPAL BALANCES OF APPROXIMATELY \$10,000 TO \$25,000. THE LOAN TERMS NORMALLY REQUIRE A DOWN PAYMENT OF 20 PERCENT. THE TYPICAL TERM OF ANY LOAN PURCHASED BY THE COMPANY IS THREE YEARS WITH THE MAXIMUM BEING FOUR YEARS. THE EFFECTIVE INTEREST RATE ON MOST LOANS IS APPROXIMATELY 30 PERCENT PER YEAR.

3. INVENTORY

INVENTORY REPRESENTS TRUCKS, WHICH HAVE BEEN REPOSSESSED DUE TO DEFAULT BY THE BORROWERS OR HAVE BEEN ACQUIRED ON THE OPEN MARKET WITH THE INTENT TO BE SOLD BY THE DEALERS. AT THE TIME THE VEHICLES ARE ACQUIRED, THE VEHICLES ARE RECORDED AT THE LOWER OF THE COMPANY'S COST (INCLUDING REPOSSESSION AND REPAIR COSTS), OR THE ASSETS FAIR VALUE, LESS THE COST TO SELL.

4. STOCKHOLDER LOANS

STOCKHOLDER LOANS REPRESENT LOANS FROM THE WIVES OF THE COMPANY'S TWO STOCKHOLDERS. THE 12 PERCENT NOTES ARE UNSECURED, AND ARE DUE ON DEMAND.

See Accountant's Compilation Report

#### 5. NOTES PAYABLE

NOTES PAYABLE TO FORD MOTOR CREDIT COMPANY - SECURED BY VEHICLE - PAYABLE IN MONTHLY INSTALLMENTS OF \$680, INCLUDING INTEREST AT PERCENT, FINAL PAYMENT DUE SEPTEMBER 2003. HISTORICAL BALANCE AS OF DECEMBER 31, 1999 IS \$26,345.

NOTES PAYABLE TO INVESTORS REPRESENT UNSECURED NOTES PAYABLE, BEARING INTEREST AT 15 PERCENT. INTEREST IS PAYABLE MONTHLY OR ADDED TO THE PRINCIPAL BALANCE AT THE INVESTOR'S OPTION. THE NOTES ARE TYPICALLY WRITTEN FOR A TWO-YEAR TERM. AT DECEMBER 31, 1999, ALL NOTE HOLDERS HAVE EXPRESSED INTENT TO ROLL OUTSTANDING BALANCES INTO NEW NOTES AT MATURITY. HISTORICAL BALANCE AS OF DECEMBER 31, 1999 IS \$730,148.

LINE OF CREDIT TO INLAND COMMUNITY BANK - SECURED BY SELECTED CONTRACTS RECEIVABLE AND GUARANTEED BY THE COMPANY'S STOCKHOLDERS. THE LINE OF CREDIT REQUIRES MONTHLY INTEREST ONLY PAYMENTS UNTIL MATURITY. INTEREST IS CHARGED AT 2.5 PERCENT OVER THE PRIME RATE THROUGH MATURITY IN OCTOBER 2000. HISTORICAL BALANCE AS OF DECEMBER 31, 1999 \$75,000.

#### 6. INCOME TAXES

IN ACCORDANCE WITH THE STATEMENT OF FINANCIAL ACCOUNTING STANDARDS NO. 109, A DEFERRED TAX BENEFIT HAS BEEN PROVIDED ON TIMING DIFFERENCES BETWEEN FINANCIAL STATEMENTS AND INCOME TAX REPORTING. THE PRIMARY DIFFERENCE ARE BOOK AND TAX DEPRECIATION DIFFERENCES, AND THE ALLOWANCE FOR CREDIT LOSSES.

#### 7. RELATED PARTY TRANSACTIONS

THE COMPANY HAS PURCHASED SALES CONTRACTS FROM A 40 PERCENT STOCKHOLDER WHO HAS BEEN A TRUCK DEALER SINCE 1978. AS A TRUCK DEALER, THIS STOCKHOLDER ORIGINATED THESE SALES CONTRACTS AS PART OF TRUCK SALES TRANSACTIONS. THE TERMS OF THESE SALES CONTRACTS ARE SIMILAR TO THE TERMS THE COMPANY OFFERS OTHER TRUCK DEALERS. THIS TRUCK DEALER ALSO SELLS COMPANY INVENTORY THAT WAS ACQUIRED FROM PURCHASE OR REPOSSESSION, SUCH SALES ARE PERFORMED BY CONSIGNMENT. THE TRUCK DEALERSHIP IS REQUIRED TO PAY A MONTHLY FEE AS A PART OF THE CONSIGNMENT AGREEMENT. THE AMOUNT IS RECEIVABLE UPON THE SALE OF THE INVENTORY. MANAGEMENT EXPECTS THE HISTORICAL BALANCE AS OF DECEMBER 31, 1999 TO BE REDUCED SIGNIFICANTLY.

#### 8. SERVICING CONTRACTS COMMITMENT

DURING THE YEAR, THE COMPANY SELLS VARIOUS CONTRACTS RECEIVABLE. THESE TRANSACTIONS ARE COVERED BY A "SALE OF CONTRACTS AND SERVICING AGREEMENT" (AGREEMENT)

See Accountant's Compilation Report



#### 8. SERVICING CONTRACTS COMMITMENT (contd.)

THE AGREEMENT REQUIRES THE COMPANY TO COLLECT PAYMENTS DUE FROM THE CONTRACTS AND REPLACE ANY CONTRACTS WHICH ARE IN DEFAULT. THE BENEFICIAL OWNER RECEIVED A GUARANTEED MONTHLY INTEREST PAYMENT AND A REPORT.

THE INTEREST REMITTED IS TYPICALLY ONE PERCENT PER MONTH ON ACCOUNTS SERVICED UNDER THE AGREEMENT. PRINCIPAL PAYMENTS COLLECTED ARE HELD FOR RE-INVESTMENT. THE AGREEMENT NORMALLY DESIGNATES A THIRD PARTY (CUSTODIAN) WHO HOLDS TITLES AND CONTRACTS. THE COMPANY PAYS A CUSTODIAL FEE TO THIS PARTY.

IN THE COURSE OF BUSINESS, SOME OF THE SALES CONTRACTS SOLD TO INVESTORS ARE NOT SATISFIED, AND COLLATERAL IS REPOSSESSED. IT IS THE COMPANY'S POLICY TO COVER THE COST OF REPOSSESSION AND EXCHANGE THE CONTRACT IN DEFAULT FOR A CONTRACT IN GOOD STANDING.

#### 9. COMMITMENTS - OPERATING LEASE

THE COMPANY HAS ENTERED INTO AN OPERATING LEASE FOR ITS OFFICE FACILITIES. THE LEASE EXPIRES JUNE 30, 2000.

#### 10. CONCENTRATION OF CREDIT RISK

CASH ACCOUNTS - THE COMPANY OCCASIONALLY MAY HAVE CASH BALANCES IN EXCESS OF \$100,000. CASH IS INSURED BY THE FDIC UP TO \$100,000.

#### 11. SUMMARY OF SIGNIFICANT ASSUMPTIONS

IT IS MANAGEMENT'S OPINION THAT THE FOLLOWING HYPOTHETICAL ASSUMPTIONS SHOULD BE USED IN PROJECTING THE COMPANY'S FINANCIAL CONDITION FOR THE FUTURE. THE ASSUMPTIONS ARE AS FOLLOWS:

INFLATION RATE OF 2.4% SHOULD BE APPLIED TO ALL NOMINAL ACCOUNTS. ADDITIONAL 2.5% FIXED EXPENSE GROWTH ADJUSTMENT IN JANUARY 2002 AND JANUARY 2004.

CONTRACT GROWTH RATE OF \$1,000,000 ANNUALLY.

25% EXPANSION OF ADMINISTRATIVE STAFF WITHIN FIVE YEARS

STOCKHOLDER'S LOANS ARE ANTICIPATED TO ROLLOVER IN THEIR ENTIRETY.

CREDIT LOSSES WILL CONTINUE IN THE SAME PROPORTION TO LOANS AND IN A SIMILAR MANNER AS PAST EXPERIENCE.

COMPANY FIXED ASSETS WILL BE REPLACED AT THE SAME RATE AS DEPRECIATION.

LINE OF CREDIT TERMS WILL BE APPROXIMATELY PRIME +2%.

See Accountant's Compilation Report

ACC011442

11. SUMMARY OF SIGNIFICANT ASSUMPTIONS (contd.)

SHAREHOLDER LOAN PRINCIPAL WILL REMAIN CONSTANT EXCEPT FOR INFLATION.

COMPANY PROPOSES TO FINANCE THE EXPANSION OF CONTRACT PURCHASES THROUGH DEBT FINANCING RATHER THAN THROUGH SALE OF STOCK.

MARKET CONDITIONS WILL CONTINUE TO BE FAVORABLE.

See Accountant's Compilation Report

CONCORDIA FINANCING COMPANY, LTD.  
(A CORPORATION)

FINANCIAL STATEMENTS

DECEMBER 31, 1999

ACC011444  
BERSCH

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# WIEGEL, SZEKEL AND WALKER

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

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## MEMBERS

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CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

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PLEASE RESPOND TO OUR ORANGE OFFICE

To the Board of Directors  
Concordia Financing Company, Ltd.

[REDACTED], Suite [REDACTED]  
[REDACTED], California [REDACTED]

We have compiled the accompanying balance sheet of Concordia Financing Company, Ltd. (a Corporation), as of December 31, 1999, and the related statement of income, statement of changes in stockholders' equity, statement of cash flows and supplementary schedule, for the year ended December 31, 1999, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedule and, accordingly, do not express an opinion or any other form of assurance on them.

WIEGEL, SZEKEL AND WALKER  
AN ACCOUNTANCY CORPORATION



Orange, California  
March 1, 2000

CONCORDIA FINANCING COMPANY, LTD.

Balance Sheet

December 31, 1999

ASSETS

Cash	\$ 532,907
Contracts receivable - net - Note 2	288,149
Inventory - Note 3 and 7	339,036
Prepaid income taxes	6,524
Other accounts receivable - Note 7	324,500
Refunds	1,780
Furniture and equipment - net - Note 1	38,821
Deferred tax asset - Note 6	<u>10,284</u>

TOTAL ASSETS

\$ 1,542,001

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable	\$ 1,374
Officers' loans - Note 4	34,288
Servicing commitment payable - Note 8	386,474
Notes payable - Note 5	<u>831,493</u>

TOTAL LIABILITIES

\$ 1,253,629

COMMITMENTS - NOTE 9

0

STOCKHOLDERS' EQUITY

Common stock, no par value, 1,000 shares authorized, 911 shares issued and outstanding	\$ 107,952
Retained earnings	<u>180,420</u>
Total Stockholders' Equity	<u>288,372</u>

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 1,542,001

CONCORDIA FINANCING COMPANY, LTD.  
Statement of Income  
For the Year ended December 31, 1999

INTEREST INCOME AND DISCOUNTS EARNED

Interest	\$ 577,341
Discounts earned	<u>129,318</u>

Total Interest and Discounts Earned	\$ 706,659
-------------------------------------	------------

INTEREST EXPENSE

Interest on notes payable	\$ 295,094
Interest on stockholder loans	<u>4,238</u>

Total Interest Expense	<u>299,332</u>
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Net Interest Income	407,327
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OTHER INCOME (EXPENSES)

Contract penalty fees	\$ 12,105
Miscellaneous income	<u>525</u>

Total other income (expenses)	12,630
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OPERATING EXPENSES - SCHEDULE 1	<u>374,484</u>
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INCOME BEFORE TAXES

Provision for taxes - Notes 1 and 6	<u>45,473</u>
	<u>9,966</u>

NET INCOME	<u>\$ 35,507</u>
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ACC011448  
BERSCH

See Accountants' Compilation Report and  
Accompanying Notes to Financial Statements

CONCORDIA FINANCING COMPANY, LTD.  
Statement of Changes in Stockholders' Equity  
For the Year Ended December 31, 1999

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - December 31, 1998	\$ 20,000	\$ 109,542	\$ 223,323	\$ 352,865
Reclassification of additional paid-in-capital	109,542	(109,542)	0	0
Redemption and retirement of stock - Note 10	(21,590)	0	(78,410)	(100,000)
Net Income - December 31, 1999	<u>0</u>	<u>0</u>	<u>35,507</u>	<u>35,507</u>
Balance - December 31, 1999	<u>\$ 107,952</u>	<u>\$ 0</u>	<u>\$ 180,420</u>	<u>\$ 288,372</u>

See Accountants' Compilation Report and  
Accompanying Notes to Financial Statements



CONCORDIA FINANCING COMPANY, LTD.  
Statement of Cash Flows  
For the Year Ended December 31, 1999

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income		\$ 35,507
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	\$ 18,218	
Decrease (Increase) in refunds	(1,780)	
Decrease (Increase) in other accounts receivable	(201,787)	
Decrease (Increase) in inventory	(225,488)	
Decrease (Increase) in prepaid income taxes	1,661	
Increase (Decrease) in accounts payable	<u>1,374</u>	
Total Adjustments		<u>(407,802)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		<u>(372,295)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net change in contracts receivable	\$ (2,098,467)	
Purchase of furniture and equipment	<u>(17,621)</u>	
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		<u>(2,116,088)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Increase in stockholder loans	\$ 239	
Redemption of stock	(30,000)	
Principal payments on bank loans	(5,556)	
Net proceeds payment on investor notes payable	<u>2,995,003</u>	
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		<u>2,959,686</u>

**NET INCREASE IN CASH**

471,303

**CASH BALANCE - JANUARY 1, 1999**

61,604

**CASH BALANCE - DECEMBER 31, 1999**

\$ 532,907

**SUPPLEMENTAL DISCLOSURES**

Interest paid during the year  
ended December 31, 1999 \$ 58,133

Income taxes paid during the year  
ended December 31, 1999 \$ 8,664

During the year, \$70,000 in accounts receivable were  
transferred as part of a stock redemption - Note 11

CONCORDIA FINANCING COMPANY, LTD  
Notes to Financial Statements  
December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Company Profile

Concordia Financing Company, Ltd. (dba Concordia Finance Company, Ltd.) was incorporated in California on April 19, 1994 and is in the business of buying commercial truck sales contracts from licensed used truck dealers. These contracts arise when a truck dealer sells a used truck to an individual who will typically operate it in the local area as an owner-operator. The Company's target market is people who have made a significant down payment for their truck, but whose needs are not being met by traditional financial institutions. Sales contracts are secured by trucks and the Company holds title to the trucks. Sales contracts are normally held as investments, or sold and serviced under a sale of contracts and servicing agreement.

Method of Accounting

Assets, liabilities, revenues and expenses are accounted for using the accrual method of accounting.

Cash

For purposes of the statement of cash flows, cash is defined as cash on hand, cash in bank accounts, and short-term certificates of deposit with original maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contracts Receivable

Contracts receivable, that management has the intent and ability to hold until maturity or payoff, are reported at their outstanding unpaid principal balances, reduced by any charge-off and net of any unamortized premiums or discounts on purchased loans.

Sales contract purchase discounts and origination fees are capitalized and recognized as an adjustment of the yield on the related loan using the effective interest method over the loan term. A contract loss reserve is maintained at a level adequate to absorb probable losses. Management determines the adequacy of the reserve based upon reviews of specific contracts, recent loss experience, current economic conditions, and other pertinent factors. See Notes 3 and 7 for additional information.

CONCORDIA FINANCING COMPANY, LTD  
Notes to Financial Statements  
December 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Furniture and equipment are stated at cost. Depreciation is computed using straight line and accelerated methods over the assets' estimated useful lives of 5 to 7 years.

Furniture and equipment are comprised of the following at December 31, 1999:

Vehicles	\$ 35,101
Computers and electronic equipment	27,179
Furniture and fixtures	<u>8,350</u>
	70,630
Less accumulated depreciation	<u>(31,809)</u>
Net Furniture and Equipment	<u>\$ 38,821</u>

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of furniture or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

Income Recognition

Interest on sales is accrued using the simple interest method and credited based on the principal amount outstanding.

Income Taxes

Income taxes consist of taxes currently due plus deferred taxes. Deferred taxes represent the future tax return consequences of alternate methods of income and expense recognition for financial statement and tax return reporting purposes.

CONCORDIA FINANCING COMPANY, LTD  
Notes to Financial Statements  
December 31, 1999

2. CONTRACTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Contracts receivable as of December 31, 1999, consisted of the following:

<u>Contracts</u>	
Truck contracts	\$ 318,149
Allowance for credit losses	(30,000)
Contracts Receivable Net	<u>\$ 288,149</u>

Contracts receivable are purchased from truck dealers shortly after the dealer sold and financed the sale of a truck. Most sales contracts have initial principal balances of approximately \$10,000 to \$25,000. The terms normally require a down payment of 20 percent. The typical term of any contracts purchased by the Company is three years with the maximum being four years. The effective interest rate on most loans is approximately 30 percent per year.

3. INVENTORY

Inventory represents trucks, which have been repossessed due to a default by the borrowers or have been acquired on the open market with the intent to be sold by dealers. The Company receives a consignment flooring fee from the truck dealer. At the time the vehicles are acquired, the vehicles are recorded at the lower of the Company's cost (including repossession and repair costs), or the assets fair value, less the cost to sell.

4. OFFICER LOANS

Officer loans represent loans from the wives of the Company's two officers. The 12 percent notes are unsecured, and are due on demand. Interest accrued and unpaid during the year ended December 31, 1999 was \$239.

5. NOTES PAYABLE

Note payable to Ford Motor Credit Company -  
secured by vehicle - payable in monthly  
installments of \$680, including interest at  
9 percent, final payment due September 2003 \$ 26,345

CONCORDIA FINANCING COMPANY, LTD  
Notes to Financial Statements  
December 31, 1999

5. NOTES PAYABLE (CONTINUED)

Balance Forward	\$ 26,345
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Line of credit to Inland Community Bank - secured by selected contracts receivable and guaranteed by the Company's stockholders. The line of credit requires monthly interest only payments until maturity. Interest is charged at 2.5 percent over the prime rate through maturity in October 2000	75,000
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Notes payable to investors represent unsecured notes payable, bearing interest at 15 percent. Interest is payable monthly or added to the principal balance at the investor's option. The notes are typically written for a two year term. At December 31, 1999, all note holders have expressed an intent to roll outstanding balances into new notes at maturity	<u>730,148</u>
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Total Notes Payable	<u>\$ 831,493</u>
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The aggregate amount of principal payments on notes payable at December 31, 1999, is as follows:

<u>Year Ending December 31,</u>	
2000	\$ 811,228
2001	6,650
2002	7,273
2003	<u>6,342</u>
Total	<u>\$ 831,493</u>

6. INCOME TAXES

In accordance with Statement of Financial Accounting Standards No. 109, a deferred tax benefit has been provided on timing differences between financial statements and income tax reporting. The primary differences are book and tax depreciation differences, and the allowance for credit losses.

CONCORDIA FINANCING COMPANY, LTD  
Notes to Financial Statements  
December 31, 1999

6. INCOME TAXES (CONTINUED)

The provision for income taxes for the year ended December 31, 1999, consists of the following:

	Current Taxes	Deferred Taxes	Total Provision For Taxes
Federal	\$ 5,295	\$ 0	\$ 5,295
California	<u>4,671</u>	<u>0</u>	<u>4,671</u>
	<u>\$ 9,966</u>	<u>\$ 0</u>	<u>\$ 9,966</u>

The deferred tax asset as of December 31, 1999, consists of the following:

Federal	\$ 7,500
State	<u>2,784</u>
	<u>\$ 10,284</u>

7. RELATED PARTY TRANSACTIONS

The Company has purchased sales contracts from a 40 percent stockholder who has been a truck dealer since 1978. As a truck dealer, this stockholder originated these sales contracts as part of truck sales transactions. The terms of these sales contracts are the same as the Company offers to nine other truck dealers. This dealer also sells Company inventory that was acquired from purchase or repossession, such sales are performed by consignment. The truck dealership may be required to pay a monthly fee as a part of the consignment agreement. As of December 31, 1999, the Company was owed \$324,500 from the truck dealership related to the sale of purchased inventory. This amount is receivable upon sale of the inventory.

8. SERVICING COMMITMENT

During the year, the Company sold various contracts receivable with outstanding principal balances of \$1,671,386 for approximately \$1,665,000. The total amount sold and serviced as of December 31, 1999 was \$2,827,994. These transactions are covered by a "Sale of Contracts and Servicing Agreement," (Agreement). The Agreement requires the Company to collect payments due from the contracts and replace any contracts which are in default. The beneficial owner received a guaranteed monthly interest payment and a report.



CONCORDIA FINANCING COMPANY, LTD  
Notes to Financial Statements  
December 31, 1999

8. SERVICING COMMITMENT (CONTINUED)

The interest remitted in 1999 was typically one percent per month on accounts serviced under the Agreement. Principal payments collected were held for re-investment. As of December 31, 1999, this amount was \$386,476. The Agreement normally designates a third party (custodian) who holds the titles and contracts. The Company pays a custodial fee to this party.

In the course of business, some of the sales contracts that are sold to investors are not satisfied, and the collateral is repossessed. It is the Company's policy to cover the cost of repossession and exchange the contract in default for a contract in good standing.

9. COMMITMENTS - OPERATING LEASE

The Company has entered into an operating lease for its office facilities. The lease expires June 30, 2000 and requires monthly rent of \$1,750. The future minimum rent/payments under the terms of the lease are as follows:

Year Ending December 31,  
2000

\$ 10,500

10. CONCENTRATION OF CREDIT RISK

Cash accounts - The Company occasionally may have cash balances in excess of \$100,000. Cash is insured by the FDIC up to \$100,000.

11. REDEMPTION OF COMMON STOCK

On February 25, 1999, the Company redeemed and retired 150 shares of common stock for a price of \$100,000. The shares were redeemed for \$30,000 in cash and a \$70,000 offset against a contract receivable balance due from a company wholly owned by the redeeming stockholder.

SUPPLEMENTAL INFORMATION



CONCORDIA FINANCING COMPANY, LTD.  
Schedule of Operating Expenses  
For the Year Ended December 31, 1999

Schedule 1

OPERATING EXPENSES

Accounting	\$ 5,610
Auto expense	2,852
Brochures and promotional	371
Collection costs	516
Consulting fees	3,655
Credit reports	3,498
Custodian fee	69,437
Depreciation expense	18,218
Dues and subscriptions	1,106
Factor discounts	4,570
Insurance - medical	14,282
Insurance - general and workers' compensation	3,362
Legal expense	1,620
Licenses and permits	580
Meals and entertainment	1,186
Miscellaneous overhead	4,288
Office supplies	4,865
Payroll processing	2,148
Payroll taxes	15,705
Purchases discount	760
Postage	1,678
Printing	1,075
Rent	19,024
Salary expense	181,882
Software	2,898
Telephone	8,796
Travel	502

TOTAL OPERATING EXPENSES

\$ 374,484

See Accountants' Compilation Report and  
Accompanying Notes to Financial Statements

CONCORDIA FINANCE COMPANY, LTD.  
(A CORPORATION)

FINANCIAL STATEMENTS

DECEMBER 31, 1998

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# WIEGEL, SZEKEL AND WALKER

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS

RONALD E. WIEGEL, CPA, CVA  
PAT SZEKEL, CPA  
GREG WALKER, CPA

ERIC GARCELON, CPA  
ANDREW H. FAVOR, CPA  
GABRIEL L. FRISBY, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
CALIFORNIA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

FAX ( )  
E-MAIL: CPA@WSWCPA.COM  
PLEASE RESPOND TO OUR ORANGE OFFICE

To the Board of Directors  
Concordia Finance Company, Ltd.  
Suite  
California

We have compiled the accompanying balance sheet of Concordia Finance Company, Ltd. (a Corporation), as of December 31, 1998, and the related statement of income and retained earnings, statement of cash flows and supplementary schedule, for the year ended December 31, 1998, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary schedule and, accordingly, do not express an opinion or any other form of assurance on them.

WIEGEL, SZEKEL AND WALKER  
AN ACCOUNTANCY CORPORATION

*Wieg, Szekel, Walker*  
Orange, California  
January 19, 1998

CONCORDIA FINANCE COMPANY, LTD.

Balance Sheet

December 31, 1998

ASSETS

Cash	\$ 61,604
Contracts receivable - net - Note 2	701,201
Inventory - Note 3	199,548
Prepaid income taxes	8,185
Other accounts receivable - Note 7	36,713
Furniture and equipment - net - Note 1	39,418
Deferred tax asset - Note 6	<u>10,284</u>

TOTAL ASSETS

\$ 1,056,953

LIABILITIES AND STOCKHOLDERS' EQUITY

Stockholder loans - Note 4	34,049
Notes payable - Note 6	<u>670,039</u>

TOTAL LIABILITIES

\$ 704,088

COMMITMENTS - NOTE 9

0

STOCKHOLDERS' EQUITY

Common stock, no par value, 1,000 shares authorized, 911 shares issued and outstanding	\$ 20,000
Additional paid-in capital	109,542
Retained earnings	<u>223,323</u>

Total Stockholders' Equity

352,865

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 1,056,953

See Accountants' Compilation Report and  
Accompanying Notes to Financial Statements

CONCORDIA FINANCE COMPANY, LTD.  
Statement of Income and Retained Earnings  
For the Year ended December 31, 1998

INTEREST INCOME AND DISCOUNTS EARNED

Interest	\$	364,707
Discounts earned		<u>98,684</u>

Total Interest and Discounts Earned		\$ 463,391
-------------------------------------	--	------------

INTEREST EXPENSE

Interest on notes payable	\$	128,009
Interest on stockholder loans		<u>4,574</u>

Total Interest Expense		<u>132,583</u>
------------------------	--	----------------

Net interest income		330,808
---------------------	--	---------

PROVISION FOR CONTRACT LOSSES

Net interest income after provision for contract losses		<u>23,822</u> 306,986
--	--	--------------------------

OTHER INCOME AND EXPENSES

Contract penalty fees	\$	12,672
Miscellaneous income		<u>521</u>

Total other income and expenses		13,193
---------------------------------	--	--------

OPERATING EXPENSES - SCHEDULE 1

		<u>(252,994)</u>
--	--	------------------

INCOME BEFORE TAXES

		67,185
Provision for taxes - Notes 1 and 6		<u>14,654</u>

NET INCOME

		52,531
--	--	--------

RETAINED EARNINGS - JANUARY 1, 1998

		<u>170,792</u>
--	--	----------------

RETAINED EARNINGS - DECEMBER 31, 1998

	\$	<u><u>223,323</u></u>
--	----	-----------------------

See Accountants' Compilation Report and  
Accompanying Notes to Financial Statements

CONCORDIA FINANCE COMPANY, LTD.  
Statement of Cash Flows  
For the Year Ended December 31, 1998

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income	\$ 52,531
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	\$ 9,900
Decrease (Increase) in other accounts receivable	(7,114)
Decrease (Increase) in inventory	(143,967)
Decrease (Increase) in prepaid income taxes	(8,185)
Increase (Decrease) in income taxes payable	<u>(14,493)</u>
Total Adjustments	<u>(163,859)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	111,328

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net change in contracts receivable	\$ 473,159
Purchase of furniture and equipment	<u>(44,419)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	428,740

**CASH FLOWS FROM FINANCING ACTIVITIES**

Increase in stockholder loans	\$ 3,824
Proceeds from bank loan	100,000
Principal payments on bank loans	(439,666)
Net principal payment on investor notes payable	<u>(44,145)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(379,987)</u>

NET (DECREASE) IN CASH (62,575)

CASH BALANCE - JANUARY 1, 1998 124,179

CASH BALANCE - DECEMBER 31, 1998 \$ 61,604

**SUPPLEMENTAL DISCLOSURES**

Interest paid during the year ended December 31, 1998	<u>\$ 52,087</u>
Income taxes paid during the year ended December 31, 1998	<u>\$ 39,093</u>

See Accountants' Compilation Report and  
Accompanying Notes to Financial Statements

CONCORDIA FINANCE COMPANY, LTD.  
Schedule of Operating Expenses  
For the Year-Ended December 31, 1998

Schedule 1

OPERATING EXPENSES

Accounting	\$ 5,399
Advertising and promotion	3,626
Auto expense	5,418
Bank charges	210
Collection costs	451
Credit reports	3,329
Custodian fee	13,334
Depreciation expense	9,900
Donations	40
Factor discounts	1,201
Insurance - medical	10,707
Insurance - general and workers' compensation	3,784
Legal expense	4,651
Licenses and permits	170
Meals and entertainment	118
Miscellaneous overhead	3,552
Office supplies	3,853
Payroll processing	1,645
Payroll taxes	11,607
Penalties	145
Postage	1,834
Printing	2,101
Rent	19,770
Repair costs	7,631
Salary expense	130,249
Telephone	7,765
Travel and meals	<u>504</u>
TOTAL OPERATING EXPENSES	<u>\$ 252,994</u>

See Accountants' Compilation Report and  
Accompanying Notes to Financial Statements



CONCORDIA FINANCE COMPANY, LTD  
Notes to Financial Statements  
December 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Company Profile

The Company was incorporated in California on April 19, 1994 and is in the business of buying commercial truck loans from licensed used truck dealers. These loans arise when a truck dealer sells a used truck to an individual who will typically operate it in the local area as an owner-operator. The Company's target market is borrowers who have made a significant down payment for their truck, but whose borrowing needs are not being met by traditional financial institutions. Loans are secured by trucks and the Company holds title to the trucks. Loans are normally held as investments and not resold.

Method of Accounting

Assets, liabilities, revenues and expenses are accounted for using the accrual method of accounting.

Cash

For purposes of the statement of cash flows, cash is defined as cash on hand, cash in bank accounts, and short-term certificates of deposit with original maturities of three months or less.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contracts Receivable

Contracts receivable, that management has the intent and ability to hold until maturity or payoff, are reported at their outstanding unpaid principal balances, reduced by any charge-off and net of any unamortized premiums or discounts on purchased loans.

Loan purchase discounts and origination fees are capitalized and recognized as an adjustment of the yield on the related loan using the effective interest method over the loan term. A loan loss reserve is maintained at a level adequate to absorb probable losses. Management determines the adequacy of the reserve based upon reviews of specific contracts, recent loss experience, current economic conditions, and other pertinent factors. See Note 7 for additional information.

CONCORDIA FINANCE COMPANY, LTD  
Notes to Financial Statements  
December 31, 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Furniture and equipment are stated at cost. Depreciation is computed using straight line and accelerated methods over the assets' estimated useful lives of 5 to 7 years.

Furniture and equipment are comprised of the following at December 31, 1998:

Vehicles	\$ 35,101
Computers and electronic equipment	12,107
Furniture and fixtures	<u>5,801</u>
	53,009
Less accumulated depreciation	<u>(13,591)</u>
Net Furniture and Equipment	<u>\$ 39,418</u>

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of furniture or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

Income Recognition

Interest on loans is accrued using the simple interest method and credited based on the principal amount outstanding.

Income Taxes

Income taxes consist of taxes currently due plus deferred taxes. Deferred taxes represent the future tax return consequences of alternate methods of income and expense recognition for financial statement and tax return reporting purposes.

CONCORDIA FINANCE COMPANY, LTD  
Notes to Financial Statements  
December 31, 1998

2. CONTRACTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Contracts receivable as of December 31, 1998, consisted of the following:

<u>Contracts</u>	
Truck loans	\$ 816,049
Allowance for credit losses	(30,000)
Unearned discount	<u>(84,848)</u>
Contracts Receivable Net	<u>\$ 701,201</u>

Contracts receivable are purchased from truck dealers shortly after the dealer sold and financed the sale of a truck. Most loan contracts have initial principal balances of approximately \$10,000 to \$15,000. The loan terms normally require a down payment of 20 percent. The maximum term of any loan purchased by the Company is three years. The effective interest rate on most loans is approximately 30 percent per year.

3. INVENTORY

Inventory represents trucks, which have been repossessed due to a default by the borrowers or have been acquired on the open market with the intent to resell. At the time the vehicles are acquired, the vehicles are recorded at the lower of the Company's cost (including repossession and repair costs), or the assets fair value, less the cost to sell.

4. STOCKHOLDER LOANS

Stockholder loans represent loans from the wives of the Company's two stockholders. The 12 percent notes are unsecured, and are due on demand. Interest accrued and unpaid during the year ended December 31, 1998 was \$3,824.

5. NOTES PAYABLE

Note payable to Kaweah Company - secured by selected contracts receivable - payable in monthly installments of \$10,487, including interest at 16% through maturity in December 1999 \$ 115,663

CONCORDIA FINANCE COMPANY, LTD  
Notes to Financial Statements  
December 31, 1998

5. NOTES PAYABLE (CONTINUED)

Balance Forward \$ 115,663

Note payable to Inland Community Bank - secured by selected contracts receivable and guaranteed by the Company's stockholders. The note is payable in monthly installments of \$4,662, including interest at 2.5% over the prime rate through maturity in April 2000 47,833

Notes payable to investors represent unsecured notes payable, bearing interest at 15 percent. Interest is payable monthly or added to the principal balance at the investor's option. The notes are typically written for a two year term. At December 31, 1998, all note holders have expressed an intent to roll outstanding balances into new notes at maturity 474,642

Total Notes Payable \$ 638,138

The aggregate amount of principal payments on notes payable at December 31, 1998, is as follows:

<u>Year Ending December 31,</u>	
1999	\$ 490,586
2000	147,552
Total	<u>\$ 638,138</u>

This schedule calculates the principal payments based on face amount maturities of the notes payable to individual investors, totaling \$474,642, without consideration that the investors have stated the intent to roll the loans over at maturity.

6. INCOME TAXES

In accordance with Statement of Financial Accounting Standards No. 109, a deferred tax benefit has been provided on timing differences between financial statements and income tax reporting. The primary differences are book and tax depreciation differences, and the allowance for credit losses.

CONCORDIA FINANCE COMPANY, LTD  
Notes to Financial Statements  
December 31, 1998

6. INCOME TAXES (CONTINUED)

The provision for income taxes for the year ended December 31, 1998, consists of the following:

	Current Taxes	Deferred Taxes	Total Provision For Taxes
Federal	\$ 8,293	\$ 0	\$ 8,293
California	<u>6,361</u>	<u>0</u>	<u>6,361</u>
	<u>\$ 14,654</u>	<u>\$ 0</u>	<u>\$ 14,654</u>

The deferred tax asset as of December 31, 1998, consists of the following:

Federal	\$ 7,500
State	<u>2,784</u>
	<u>\$ 10,284</u>

7. RELATED PARTY TRANSACTIONS

The Company has purchased loans receivable from a fifty percent stockholder who has been a truck dealer since 1978. As a truck dealer, this stockholder originated these loans as part of truck sales transactions. The terms of these loan purchases are similar to the terms the Company expects to offer to other truck dealers. As of December 31, 1998, the Company was owed \$39,418 from the truck dealership related to the sale of repossessions.

8. SERVICING COMMITMENT

During the year, the Company sold various contracts receivable with outstanding principal balances of \$748,920, for approximately \$747,870. Under the terms of the transfers, the transferred contracts will be held by a third party custodian. The Company will service the contracts and remit, to the beneficial owner, principal payments received plus interest at 12 percent per annum on the outstanding balance. In addition, the Company pays to the custodian, a custodial fee.

CONCORDIA FINANCE COMPANY, LTD  
Notes to Financial Statements  
December 31, 1998

9. COMMITMENTS - OPERATING LEASE

The Company has entered into an operating lease for its office facilities. The lease expires June 30, 2001 and requires monthly rent of \$1,684.80. The future minimum rent/payments under the terms of the lease are as follows:

<u>Years Ending December 31,</u>	
1999	\$ 20,218
2000	20,218
2001	<u>8,424</u>
Total	<u>\$ 48,860</u>

**CONCORDIA FINANCE CO., LTD.**

**Financial Statements**

**Year Ended December 31, 1997**

**FERGUSON, METZNER & COMPANY**

**CERTIFIED PUBLIC ACCOUNTANTS**

**ACC011472**

**BERSCH**

CONCORDIA FINANCE CO., LTD.

Compiled Financial Statements

December 31, 1997

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FERGUSON, METZNER & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

SUITE 100

CALIFORNIA

MEMBERS OF  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
CALIFORNIA SOCIETY OF CPAs

Accountants' Compilation Report

To the Board of Directors  
Concordia Finance Co., Ltd.

California

We have compiled the accompanying balance sheet of Concordia Finance Co., Ltd., as of December 31, 1997, and the related statements of income and retained earnings, and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

*Ferguson, Metzner & Company*  
CERTIFIED PUBLIC ACCOUNTANTS

February 15, 1998

CONCORDIA FINANCE CO., LTD.

Balance Sheet

December 31, 1997

Assets

Cash		\$ 124,179
Finance Receivable (Net)		1,174,360
Accounts Receivable		55,581
Accounts Receivable - Related Party		29,599
Fixed Assets		
Computers and Equipment	7,632	
Furniture and Fixtures	<u>958</u>	
	8,590	
Less Accumulated Depreciation	<u>3,691</u>	
		4,899
Deferred Tax Assets		<u>11,950</u>
Total Assets		<u>\$ 1,400,568</u>

See accompanying notes and accountants' compilation report.

CONCORDIA FINANCE CO., LTD.

Balance Sheet

December 31, 1997

Liabilities and Shareholders' Equity

Senior Debt  
Note Payable to Commercial Lender \$ 214,154

Junior Debt  
Notes Payable to Investors 656,678  
Obligation under Bank Participation Agreement 183,018  
Total Junior Debt 839,696

Deferred Tax Liability 1,666  
Income Taxes Payable 14,493  
Shareholder Loan 30,225

Shareholders' Equity  
Common Stock, No Par Value,  
1,000 Shares Authorized, 911 Shares Issued and Outstanding 20,000  
Additional Paid in Capital 109,542  
Retained Earnings 170,792  
Total Shareholders' Equity 300,334

Total Liabilities and Shareholders' Equity \$ 1,400,568

See accompanying notes and accountants' compilation report.

CONCORDIA FINANCE CO., LTD.

Statement of Income and Retained Earnings

For the Year Ended December 31, 1997

Revenues		
Interest and Fee Income	<u>\$ 358,470</u>	<u>100.0</u>
Expenses		
Interest Expense	107,561	30.0
Provision for Credit Losses	18,516	5.2
Salaries and Fringe Benefits	81,391	22.7
Accounting	2,196	.6
Automobiles	1,566	.4
Bank Service Charges	318	.1
Collection Expense	7,200	2.0
Depreciation	1,700	.5
Insurance	1,250	.3
Legal	5,492	1.5
Miscellaneous Overhead Costs	10,181	2.8
Office Supplies	5,247	1.5
Pager Services	1,818	.5
Payroll Services	1,441	.4
Payroll Taxes	6,410	1.8
Postage	1,296	.4
Printing	120	
Rent	12,000	3.3
Repairs	413	.1
Telephone	4,390	1.2
Vehicle Recovery Expenses	3,128	.9
Workmans Compensation Insurance	<u>400</u>	<u>.1</u>
Total Expenses	<u>274,034</u>	<u>76.3</u>
Income before Income Taxes	84,436	23.7
Provision for Income Taxes	<u>21,271</u>	<u>5.9</u>
Net Income	63,165	<u>17.8</u>
Retained Earnings, Beginning of Year	<u>107,627</u>	
Retained Earnings, End of Year	<u>\$ 170,792</u>	

See accompanying notes and accountants' compilation report.

Statement of Cash Flows

For the Year Ended December 31, 1997

Cash Flows from Operating Activities:

Net Income	<u>\$ 63,165</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	1,700
Deferred Tax Asset	(2,462)
Deferred Tax Liability	(247)
Discount Accretion	(5,281)
Changes in Assets and Liabilities (Schedule Page 11)	<u>6,886</u>
Total Adjustments	<u>596</u>
Net Cash Provided by Operating Activities	<u>63,761</u>
Cash Flows from Investing Activities:	
Net Loans Purchased	(220,235)
Net Cash (Advanced) to Related Party	(29,599)
Cash Paid for Purchase of Equipment	<u>(550)</u>
Net Cash Used by Investing Activities	<u>(250,384)</u>
Cash Flows from Financing Activities:	
Net Borrowings of Commercial Paper	211,816
Net Borrowing from Investors	85,801
Borrowings from Shareholders	<u>3,401</u>
Net Cash Provided by Financing Activities	<u>301,018</u>
Net Increase in Cash	114,395
Cash, Beginning of Period	<u>9,784</u>
Cash, End of Period	<u>\$ 124,179</u>

See accompanying notes and accountants' compilation report.

CONCORDIA FINANCE CO., LTD.

Notes to Financial Statements

December 31, 1997

(1) Company Profile and Summary of Significant Accounting Policies

*Company Profile* - The Company was incorporated in California on April 19, 1994. The Company is in the business of buying commercial loans from licensed used truck dealers. These loans arise when a truck dealer sells a used truck to an individual who will typically operate it in the local area as an owner-operator. The Company's target market is borrowers who have made a significant down payment for their truck but whose borrowing needs are not being met by traditional financial institutions. Loans are secured by trucks and the Company holds title to the trucks. Loans are normally held as investments and not-resold.

*Method of Accounting* - Assets, liabilities, revenues and expenses are accounted for using the accrual method of accounting.

*Use of Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Finance Receivable* - Finance receivables that management has the intent and ability to hold for the foreseeable future or until maturity or payoff, are reported at their outstanding unpaid principal balances reduced by any charge-off and net of any unamortized premiums or discounts on purchased loans.

Loan purchase discounts and origination fees are capitalized and recognized as an adjustment of the yield on the related loan using the interest method over the loan term. A loan loss reserve is maintained at a level adequate to absorb probable losses. Management determines the adequacy of the reserve based upon reviews of individual credits, recent loss experience, current economic conditions, and other pertinent factors.

*Depreciation* - Depreciable assets are stated at cost. Depreciation is computed on the straight line method over the assets' estimated useful lives of 5 years.

*Income Recognition* - Interest on loans is accrued using the simple interest method and credited based on the principal amount outstanding.

*Income Taxes* - Income taxes consist of taxes currently due plus deferred taxes. Deferred taxes represent the future tax return consequences of alternate methods of income and expense recognition for financial statement and tax return reporting purposes.

See accompanying accountants' compilation report.

CONCORDIA FINANCE CO., LTD.

Notes to Financial Statements

December 31, 1997

(2) Finance Receivable and Allowance for Credit Losses

Finance receivables as of December 31, consisted of the following:

Finance Receivable	
Truck Loans	\$ 1,693,151
Allowance for Credit Losses	(30,000)
Unearned Discount	(77,699)
Unearned Interest	(411,092)
Finance Receivable Net	<u>\$ 1,174,360</u>

Changes in the allowance for Credit Losses are as follows:

Balance as of December 31, 1996	\$ 30,000
Provision for Credit Losses	18,516
Less Charge Off	(18,516)
Balance as of December 31, 1997	<u>\$ 30,000</u>

Finance receivables were purchased from truck dealers shortly after the dealer sold and financed the sale of a truck. Most loans have financed the purchase of a used truck for approximately \$10,000 to \$15,000. The loan terms normally require a down payment of 20%. The maximum term of any loan purchased by the Company is three years. The effective interest rate on most loans is approximately 30% per year. Further disclosures of terms and maturities have been omitted due to the debtors returning the debt faster than is contractually required, making detailed disclosure not meaningful.

(3) Account Receivable

Accounts receivable represent non-performing truck loans.

See accompanying accountants' compilation report.

CONCORDIA FINANCE CO., LTD.

Notes to Financial Statements

December 31, 1997

(4) Note Payable to Commercial Lenders

16% loan payable to Kaweah Company, secured by selected finance receivables, requiring 24 monthly payments of \$10,487 including interest, with a maturity date of December 5, 1999.

\$ 214.154

The maturities of the loan is as follows:

1998	\$ 98,541
1999	<u>115,613</u>
	<u>\$ 214.154</u>

(5) Notes Payable to Investors

The Company has issued notes payable to several investors. Some notes, due 90 days after demand, bear interest at one percent per month. Other notes, issued for a two-year term, bear interest at one and one-quarter percent per month. At the investor's option, interest is paid monthly or, alternately, added to the principal balance.

Maturities as of December 31, 1997, were as follows:

1998	\$ 241,563
1999	401,715
2000	<u>13,400</u>
	<u>\$ 656,678</u>

(6) Obligation Under Bank Participation Agreement

During 1995 the Corporation entered into a participation agreement with a bank. At the same time the Corporation entered a second agreement with the same bank. The second agreement provided for the receipt of cash by the Corporation in exchange for a collateral position in certain truck loans receivable. As of this date the two agreements have been netted yielding a balance due to the bank.

See accompanying accountants' compilation report.



CONCORDIA FINANCE CO., LTD.

Notes to Financial Statements

December 31, 1997

(6) Obligation Under Bank Participation Agreement (continued)

Terms of the two agreements called for the bank to collect the participation agreement receivable and remit the prorata share to the Company. The Company was to collect the truck loans receivable for the bank and remit the collections less a fee. During 1996, the bank was closed by the Federal Deposit Insurance Corporation (FDIC). Since the bank closure, the Company has been collecting loan payments for the FDIC and has ceased payments to the FDIC. The Company has not received payments on the receivable. At December 31, 1997, the receivable is \$149,729 and the amount payable is \$332,747, a net payable to the FDIC of \$183,018. Management believes that the negotiations with the FDIC will result in a net settlement favorable to the Company.

(7) Loan from Shareholder

12% unsecured notes payable to two shareholders. Interest accrued and unpaid during the year ended December 31, 1997 was \$3,402.

(8) Income Taxes

The provision for income taxes consisted of the following:

Current Income Taxes	
Federal	\$ 16,484
State	7,496
Deferred Income Taxes	
Federal	190
State	(2,899)
Total Income Taxes	<u>\$ 21,271</u>

The tax provision differs from the amount that would be obtained by applying federal statutory rates to income before income taxes because no tax benefit has been provided for nondeductible expenses, and because the Company is subject to state income taxes.

The deferred tax asset is \$11,950 at December 31, 1997. The deferred tax liability is \$1,666. The deferred tax valuation allowance is \$0.

See accompanying accountants' compilation report.

CONCORD FINANCE CO., LTD.

Notes to Financial Statements

December 31, 1997

(9) Related Party Transactions

The Company has purchased loans receivable from a fifty percent shareholder who has been a truck dealer since 1978. As a truck dealer, this shareholder originated these loans as part of truck sales transactions. The terms of these loan purchases are similar to the terms the Company expects to offer to other truck dealers.

(10) Commitments

The Company rents its operating facilities located at 14028 Valley Boulevard, Fontana, California 92335. Monthly rent payments of \$1,000 per month are required. The rent agreement is a month to month lease.

CONCORDIA FINANCE CO., LTD.

Statement of Cash Flows Supporting Schedule

For the Year Ended December 31, 1997

Changes in Assets and Liabilities

Accounts Receivable	\$ (5,184)
Prepaid Insurance	529
Prepaid Income Tax	9,048
Accounts Payable	(12,000)
Income Tax Payable	<u>14,493</u>
	<u>\$ 6,886</u>

Supplemental Disclosures of

Cash Flow Information:

Cash Paid For:

Interest	<u>\$ 73,181</u>
Taxes	<u>\$ 8,865</u>

See accompanying notes and accountants' compilation report.

# RETAIL INSTALLMENT SALE CONTRACT SIMPLE INTEREST FINANCE CHARGE

Dealer Number \_\_\_\_\_ Contract Number \_\_\_\_\_ R.O.S. Number \_\_\_\_\_ Stock Number \_\_\_\_\_

Buyer (and Co-Buyer) Name and Address (Including County and Zip Code)	Creditor - Seller (Name and Address)  <div style="text-align: center; font-weight: bold; font-size: 1.2em;">                     ACC011485 BERSCH                 </div>
---	--

You, the Buyer (and Co-Buyer, if any), may buy the vehicle below for cash or on credit. By signing this contract, you choose to buy the vehicle on credit under the agreements on the front and back of this contract. You agree to pay the Creditor - Seller (sometimes "we" or "us" in this contract) the Amount Financed and Finance Charge according to the payment schedule below. We will figure your finance charge on a daily basis. The Truth-In-Lending Disclosures below are part of this contract.

New Used	Year	Make and Model	Odometer	Vehicle Identification Number	Primary Use For Which Purchased
					<input type="checkbox"/> personal, family or household <input type="checkbox"/> business <input type="checkbox"/> agricultural

FEDERAL TRUTH-IN-LENDING DISCLOSURES				
ANNUAL PERCENTAGE RATE	FINANCE CHARGE	Amount Financed	Total of Payments	Total Sale Price
The cost of your credit as a yearly rate.	The dollar amount the credit will cost you.	The amount of credit provided to you or on your behalf.	The amount you will have paid after you have made all payments as scheduled.	The total cost of your purchase on credit, including your down payment of
%	\$ (e)	\$	\$ (e)	\$ is (e)

(e) means an estimate

YOUR PAYMENT SCHEDULE WILL BE:		
Number of Payments:	Amount of Payments:	When Payments Are Due:
One Payment of		
One Payment of		
Payments		Monthly, Beginning
One Final Payment		

**Late Charge.** If payment is not received in full within 10 days after it is due, you will pay a late charge of 5% of the part of the payment that is late.

**Prepayment.** If you pay off all your debt early, you may be charged a minimum finance charge.

**Security Interest.** You are giving a security interest in the vehicle being purchased.

**Additional Information:** See this contract for more information including information about nonpayment, default, any required repayment in full before the scheduled date, minimum finance charges, and security interest.

## ITEMIZATION OF THE AMOUNT FINANCED

### 1. Total Cash Price

A. Cash Price of Motor Vehicle and Accessories \$ (A)

1. Cash Price Vehicle \$

2. Cash Price Accessories \$

B. Document Preparation Fee (not a governmental fee) \$ (B)

C. Smog Fee Paid to Seller \$ (C)

D. Sales Tax (on A + B + C) \$ (D)

E. Luxury Tax \$ (E)

F. Service Contract (optional)\* \$ (F)

G. Prior Credit or Lease Balance paid by Seller to \$ (G)

(see downpayment and trade-in calculation)

H. Other (to whom paid)\* \$ (H)

For

Total Cash Price (A through H) \$ (1)

### 2. Amounts Paid to Public Officials

A. License Fees \$ (A)

B. Registration/Transfer/Titling Fees \$ (B)

C. Smog Impact Fee \$ (C)

D. Other \$ (D)

E. Other \$ (E)

Total Official Fees (A through E) \$ (2)

### 3. Amount Paid to Insurance Companies

(Total premiums from Statement of Insurance column a + b)\* \$ (3)

### 4. Smog Certification Fee Paid to State

\$ (4)

### 5. Subtotal (1 through 4)

\$ (5)

## STATEMENT OF INSURANCE

**NOTICE.** No person is required as a condition of financing the purchase of a motor vehicle to purchase or negotiate any insurance through a particular insurance company, agent or broker.

### Vehicle Insurance

	Term	Premium
\$ Ded. Comp., Fire & Theft	Mos.	\$
\$ Ded. Collision	Mos.	\$
Bodily Injury	\$ Limits	Mos. \$
Property Damage	\$ Limits	Mos. \$
Medical	Mos.	\$
	Mos.	\$
Total Vehicle Insurance Premiums		\$ (a)

UNLESS A CHARGE IS INCLUDED IN THIS AGREEMENT FOR PUBLIC LIABILITY OR PROPERTY DAMAGE INSURANCE, PAYMENT FOR SUCH COVERAGE IS NOT PROVIDED BY THIS AGREEMENT.

You may buy the physical damage insurance this contract requires (see back) from anyone you choose who is acceptable to us. You are not required to buy any other insurance to obtain credit.

Buyer X

Co-Buyer X

Seller X

If any insurance is checked below, policies or certificates from the named insurance companies will describe the terms and conditions.

### Application for Optional Credit Insurance

☐ Credit Life: ☐ Buyer ☐ Co-Buyer ☐ Both

☐ Credit Disability (Buyer Only)

	Term	Exp.	Premium
--	------	------	---------

Credit Life Mos. \$

Credit Disability Mos. \$

Total Credit Insurance Premiums \$ (b)

Insurance Company Name

Home Office Address

Credit life insurance and credit disability insurance are not required to obtain credit. They will not be provided unless you sign and agree to pay the extra cost. Credit life insurance is based on your original payment schedule. This insurance may not pay all you owe on this contract if you make late payments. Credit disability insurance does not cover any increase in your payment or in the number of payments. Coverage for credit life insurance and credit disability insurance ends on the original due date for the last payment unless a different term for the insurance is shown above.

You are applying for the credit insurance marked above. Your signature below means that you agree that: (1) You are not eligible for insurance if you have reached your 65th birthday. (2) You are eligible for disability insurance only if you are working for wages or profit 30 hours a week or more on the Effective Date. (3) Only the Primary Buyer is eligible for disability insurance. DISABILITY

(Total premiums from Statement of Insurance column d + b) \$ \_\_\_\_\_ (3)

4. Smog Certification Fee Paid to State \$ \_\_\_\_\_ (4)

5. Subtotal (1 through 4) \$ \_\_\_\_\_ (5)

6. Total Downpayment

A. Gross Trade-in Yr \_\_\_\_\_ Make \_\_\_\_\_ \$ \_\_\_\_\_ (A)

Model \_\_\_\_\_ Odom \_\_\_\_\_

VIN \_\_\_\_\_

B. Less Prior Credit or Lease Balance \$ \_\_\_\_\_ (B)

C. Net Trade-In (A less B) (indicate if a negative number) \$ \_\_\_\_\_ (C)

D. Deferred Downpayment \$ \_\_\_\_\_ (D)

E. Manufacturer's Rebate \$ \_\_\_\_\_ (E)

F. Other \$ \_\_\_\_\_ (F)

G. Cash \$ \_\_\_\_\_ (G)

Total Downpayment (C through G) \$ \_\_\_\_\_ (6)

(If negative, enter zero on line 6 and enter the amount less than zero as a positive number on line 1G above)

7. Amount Financed (5 less 6) \$ \_\_\_\_\_ (7)

\*Seller may keep part of these amounts.

or profit 30 hours a week or more on the Effective Date. (3) Only the Primary Buyer is eligible for disability insurance. DISABILITY INSURANCE MAY NOT COVER CONDITIONS FOR WHICH YOU HAVE SEEN A DOCTOR OR CHIROPRACTOR IN THE LAST 6 MONTHS (Refer to "Total Disabilities Not Covered" in your policy for details).

X \_\_\_\_\_  
Date Buyer Signature Age \_\_\_\_\_

X \_\_\_\_\_  
Date Co-Buyer Signature Age \_\_\_\_\_

**OPTIONAL GAP CONTRACT** A gap contract (debt cancellation contract) is not required to obtain credit and will not be provided unless you sign below and agree to pay the extra cost. If you choose to buy a gap contract, the cost is shown in item 1H. See your gap contract for details on the protection it provides.

Term \_\_\_\_\_ Mos \_\_\_\_\_ Name of Gap Contract \_\_\_\_\_

Buyer X \_\_\_\_\_

**SERVICE CONTRACT (Optional)** You want to purchase a service contract written with the following company for the term shown below for the price shown in item 1F.

Company \_\_\_\_\_  
Term \_\_\_\_\_ Mos. or \_\_\_\_\_ Miles  
Buyer X \_\_\_\_\_

**HOW THIS CONTRACT CAN BE CHANGED.**  
This contract contains the entire agreement between you and us relating to this contract. Any change to the contract must be in writing and both you and we must sign it. No oral changes are binding.

X \_\_\_\_\_ X \_\_\_\_\_  
Buyer Initials Co-Buyer Initials

#### SELLER ASSISTED LOAN

BUYER MAY BE REQUIRED TO PLEDGE SECURITY FOR THE LOAN, AND WILL BE OBLIGATED FOR THE INSTALLMENT PAYMENTS ON BOTH THIS RETAIL INSTALLMENT SALE CONTRACT AND THE LOAN.

Proceeds of Loan From: \_\_\_\_\_  
Amount \$ \_\_\_\_\_ Finance Charge \$ \_\_\_\_\_  
Total \$ \_\_\_\_\_ Payable in \_\_\_\_\_  
installments of \$ \_\_\_\_\_ \$ \_\_\_\_\_  
from this Loan is shown in item 6D.

#### AUTO BROKER FEE DISCLOSURE

If this contract reflects the retail sale of a new motor vehicle, the sale is not subject to a fee received by an autobroker from us unless the following box is checked:

☐ Name of autobroker receiving fee, if applicable: \_\_\_\_\_

#### NOTICE OF RESCISSION RIGHTS

If Buyer and Co-Buyer sign here, the provisions of the Rescission Rights section on the back giving the Seller the right to rescind if Seller is unable to assign this contract to a financial institution will apply.

Buyer X \_\_\_\_\_ Co-Buyer X \_\_\_\_\_

OPTION: ☐ You pay no finance charge if the Amount Financed, item 7, is paid in full on or before \_\_\_\_\_, Year \_\_\_\_\_. SELLER'S INITIALS \_\_\_\_\_

THE MINIMUM PUBLIC LIABILITY INSURANCE LIMITS PROVIDED IN LAW MUST BE MET BY EVERY PERSON WHO PURCHASES A VEHICLE. IF YOU ARE UNSURE WHETHER OR NOT YOUR CURRENT INSURANCE POLICY WILL COVER YOUR NEWLY ACQUIRED VEHICLE IN THE EVENT OF AN ACCIDENT, YOU SHOULD CONTACT YOUR INSURANCE AGENT.

#### WARNING:

YOUR PRESENT POLICY MAY NOT COVER COLLISION DAMAGE OR MAY NOT PROVIDE FOR FULL REPLACEMENT COSTS FOR THE VEHICLE BEING PURCHASED. IF YOU DO NOT HAVE FULL COVERAGE, SUPPLEMENTAL COVERAGE FOR COLLISION DAMAGE MAY BE AVAILABLE TO YOU THROUGH YOUR INSURANCE AGENT OR THROUGH THE SELLING DEALER. HOWEVER, UNLESS OTHERWISE SPECIFIED, THE COVERAGE YOU OBTAIN THROUGH THE DEALER PROTECTS ONLY THE DEALER, USUALLY UP TO THE AMOUNT OF THE UNPAID BALANCE REMAINING AFTER THE VEHICLE HAS BEEN REPOSSESSED AND SOLD.

FOR ADVICE ON FULL COVERAGE THAT WILL PROTECT YOU IN THE EVENT OF LOSS OR DAMAGE TO YOUR VEHICLE. YOU SHOULD CONTACT YOUR INSURANCE AGENT. THE BUYER SHALL SIGN TO ACKNOWLEDGE THAT HE/SHE UNDERSTANDS THESE PUBLIC LIABILITY TERMS AND CONDITIONS.

S/S X \_\_\_\_\_ X \_\_\_\_\_

#### Notice to buyer:

(1) Do not sign this agreement before you read it or if it contains any blank spaces to be filled in. (2) You are entitled to a completely filled in copy of this agreement. (3) You can prepay the full amount due under this agreement at any time. (4) If you default in the performance of your obligations under this agreement, the vehicle may be repossessed and you may be subject to suit and liability for the unpaid indebtedness evidenced by this agreement.

If you have a complaint concerning this sale, you should try to resolve it with the seller.

Complaints concerning unfair or deceptive practices or methods by the seller may be referred to the city attorney, the district attorney, or an investigator for the Department of Motor Vehicles, or any combination thereof.

After this contract is signed, the seller may not change the financing or payment terms unless you agree in writing to the change. You do not have to agree to any change, and it is an unfair or deceptive practice for the seller to make a unilateral change.

Buyer Signature X \_\_\_\_\_ Co-Buyer Signature X \_\_\_\_\_

#### THERE IS NO COOLING OFF PERIOD

California law does not provide for a "cooling off" or other cancellation period for vehicle sales. Therefore, you cannot later cancel this contract simply because you change your mind, decide the vehicle costs too much, or wish you had acquired a different vehicle. After you sign below, you may only cancel this contract with the agreement of the seller or for legal cause, such as fraud.

YOU ACKNOWLEDGE THAT YOU HAVE READ BOTH SIDES OF THIS CONTRACT BEFORE SIGNING BELOW.

YOU ACKNOWLEDGE RECEIPT OF A TRUE AND COMPLETELY FILLED IN COPY OF THIS CONTRACT AND EVERY OTHER DOCUMENT THAT YOU SIGNED DURING CONTRACT NEGOTIATIONS.

Buyer Signature X \_\_\_\_\_ Date \_\_\_\_\_ Co-Buyer Signature X \_\_\_\_\_ Date \_\_\_\_\_

Co-Buyers and Other Owners — A co-buyer is a person who is responsible for paying the entire debt. An other owner is a person whose name is on the title to the vehicle but does not have to pay the debt. The co-buyer or other owner knows that the Creditor has a security interest in the vehicle and consents to the security interest.

Other Owner Signature X \_\_\_\_\_ Address \_\_\_\_\_

Seller Signature X \_\_\_\_\_ Date \_\_\_\_\_ By \_\_\_\_\_ Title \_\_\_\_\_

EXHIBIT C



# **CONCORDIA FINANCE**

## **INVESTING IN TRANSPORTATION**

*Concordia Finance specializes in the financial needs of the commercial used truck market. The banking world today is changing, becoming more focused on specific industry groups and less focused on geography. The result has been that several of the smaller industries have been ignored as individual banks struggle to gain competitive advantages in the larger markets. Opportunity is thus created for the small company which has the expertise to step into one of these disregarded segments. Concordia has been doing this since June of 1994.*

- ▶ 1.0% Per Month
- ▶ Doubles in Under 6 Years
- ▶ Guaranteed
- ▶ Monthly Check
- ▶ Monthly Report
- ▶ 140,000 Trucks in California
- ▶ 25,000 Sell Used Every Year
- ▶ 7,500 Sell Used in the Los Angeles Area
- ▶ Contracts Under \$25,000 are Typical
- ▶ \$300,000 Buys You Over 10 Contracts
- ▶ California Market is

### *Investment Opportunity*

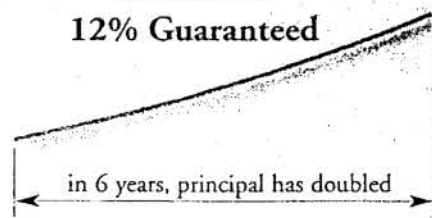
Since 1994 Concordia Finance has been buying truck ("big rig") conditional sales contracts from dealers and collecting the payments. Concordia investors receive net 1.0% EACH MONTH in interest for providing the necessary capital. Concordia qualifies the buyer, purchases the contract from the dealer and collects the payments. The investor then receives a check or the money is credited to his account. This is done under a service agreement with the investor. Concordia guarantees each contract. If any go into repossession, Concordia will replace it with one of equal or greater value.

If your money is left in and the interest is allowed to accrue, the principal will double in less than five years.

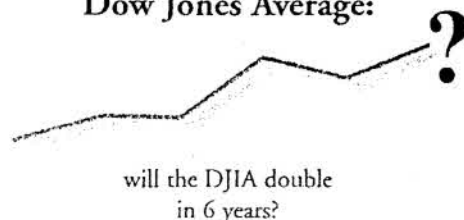
### *Concordia's Place In the Market*

In 1993 the founders recognized a need to fund the less than perfect commercial buyer. This is usually a truck driver with five to ten years experience and wants to own his own rig. He may have adequate personal credit but has no commercial credit. Since the truck will be used for business, banks can not provide a consumer loan. Very few sources are available. Most contracts are for about twenty thousand dollars. The driver might save the money and pay cash, very difficult, or lease, very expensive. Concordia Finance does not require a commercial credit history; it does require good personal credit.

**Concordia:  
12% Guaranteed**



**Dow Jones Average:**



## *Concordia Finance*

- Services All Contracts
- Provides Monthly Report and Check
- Replaces Any Non-Performing Contracts
- Has Contracts Available For Purchase Now

### *Personnel*

The loan manager is a former bank vice president who was in charge of truck loans. He reviews and approves each contract considered by Concordia and keeps on top of collections. Typically, 90% of all accounts are paid at least a week ahead of the due date.

The second employee is a collections specialist. She has been trained at Concordia and now has over four years experience with an excellent record. The third employee is the receptionist and is being trained as a collections specialist. As Concordia grows, these people will be supplemented. With the continuing shrinking of the job market in the banking industry, recruitment of outstanding talent is not a problem.

### *History*

Concordia Financing Co., Ltd doing business as (dba) Concordia Finance is incorporated in the state of California. Concordia is strategically located in Fontana California on Valley Blvd.

Along Valley Blvd numerous dealers of tractors, trailers, truck repair, parts and supplies have made this a center known by all truckers in the southwest. This section of Valley Blvd is about 3 miles long, runs parallel to Interstate 10, and provides convenient access via freeway ramp.



Ken Crowder  
*President*



*Call or Fax Today  
For a Free Business Plan  
and Financial Statement*

ACC011489  
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THE INLAND EMPIRE'S BUSINESS NEWSPAPER

# THE BUSINESS PRESS

## In for the long haul

*Area facing crush of truck traffic from corridor*

ACC011490  
BERSCH

JESSICA MATERNA  
BUSINESS PRESS STAFF REPORTER

Ready or not, here it comes.

Once \$3.35 billion worth of construction is completed on the Alameda Corridor and Alameda Corridor East projects, officials predict a 60% increase in freight volume through Los Angeles County en route to the Inland Empire and beyond.

Economic and transportation officials in the cities and counties hugging the corridor laud the projects, claiming the more efficient freight lines will help attract companies and relieve traffic congestion in Los Angeles County.

But several Inland Empire municipal and transportation officials warn that careful regional planning is necessary to prepare for the onslaught of truck traffic the corridors are expected to funnel onto already congested local roads.

"This should be a regional solution," said Eric Haley, executive director of the Riverside County Transportation Commission.

"So far, all the money set aside for improvements for Riverside and San Bernardino counties has been promised through federal grants. But it's inadequate to do the whole job."

### EASING PORT TRAFFIC

The idea behind both Alameda projects is to better facilitate rail and truck traffic in and out of the busy ports and through Los Angeles County.

The \$2.4 billion Alameda Corridor project should be completed by 2002, covering a 20-mile stretch between East Los Angeles and the ports of Los Angeles and Long Beach. The project includes:

- A 30-foot-deep trench for two parallel rail lines alongside a 10-mile stretch of Alameda Street.
- An additional rail line at ground level for local train traffic.
- A bridge over the Los Angeles River.

tions, widening roadways at rail crossings and modifying traffic signal controls and rail safety systems.

### NO RAIL CONGESTION EXPECTED

Transportation officials anticipate 109 trains will move east each day through the San Gabriel Valley — and into the Inland Empire — by 2020. That's a 60% increase from current levels, officials said.

Union Pacific Corp. spokesman

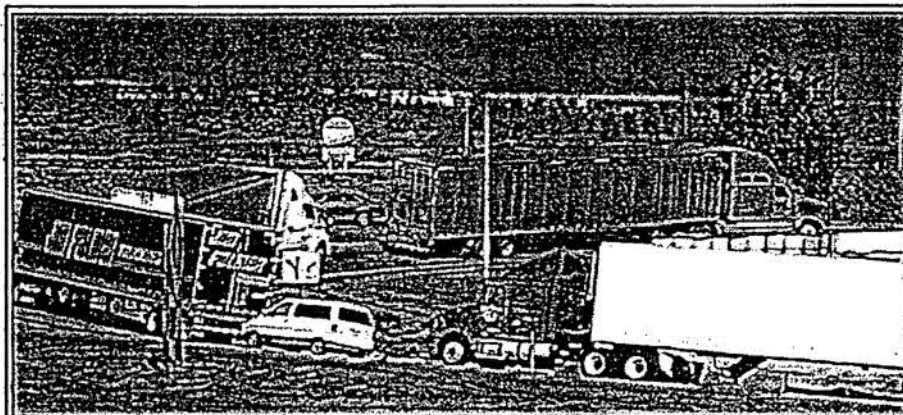
Michael Furtney said the rail company looks forward to completion of the Alameda Corridor project because it will allow trains to move up to 50 mph through the busy downtown Los Angeles area — about 35 mph faster than they now average.

But Furtney said he sees no need to invest

beyond simple safety improvements on the stretches of the company's rail line running through the Alameda Corridor East and into the Inland Empire.

"I think we've been very straightforward with the Corridor East people in saying we don't think there's any demonstrative need to go all out there," said Furtney. "No one thinks there are the same problems east. There aren't the same conditions found in the Alameda Corridor, nor the same justifications."

Furtney added that a \$67.5 million intermodal facility proposed by Union Pacific in 1996 for either Colton or Bloomington has not been discussed for months.



Above: Trucks on the Milliken Avenue offramp of Interstate 10. Union Pacific freight train at UP yard in Colton.

- Several overpasses to improve street access across the corridor.
- The expansion of portions of Alameda Street from four to six lanes.
- Grade separations for Amtrak and Metrolink passenger rail lines.

The two port authorities will own the finished rail lines, which will be managed by a committee appointed by the ports and the Burlington Northern Santa Fe and Union Pacific railways.

The \$950 million Alameda Corridor East, still in the planning stage, will connect East Los Angeles to Pomona — the edge of the Inland Empire. Proposals for the stretch include building grade separa-

(Intermodal facilities are used to transfer freight between rail cars and trucks.)

"We thought at one time there might have been a need for it, but we haven't seen that yet," Furtney said.

#### ROADWAY SQUEEZE DUE

Once the corridors are completed, officials predict international freight will double from the 100 tons a year now funneled through area trucking companies and regional airports.

Ontario International Airport, which has the space to handle additional business, would welcome any increased air cargo volume, spokeswoman Maria Tesoro said.

But some city officials worry the Inland Empire's streets and highways won't be able to handle the increase in freight volume.

"We've been giving this project quite a bit of thought, and we're quite concerned, frankly," said Ken Hunt, city manager of Fontana, which is home to most of the region's truck yards.

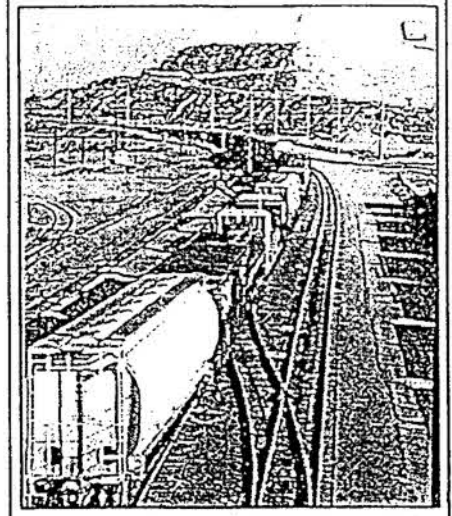
"The city already has transportation challenges, and these corridors were designed when this was a rural community," Hunt said. "Being at the terminus of this corridor, we're concerned how taking all these new trucks on our roadways will impact us."

Montclair Mayor Paul Eaton, an ex-officio member of the Alameda-East Construction Authority, in a recent presentation said the projects will present "major challenges" to the region's road systems.

Three at-grade arterial/rail crossings in Montclair could pose significant traffic delays unless \$8.1 million in grade separations are undertaken, Eaton said.

"The price tag for improvement projects in both counties could easily add up," Haley of the Riverside County Transportation Commission said, referring to Riverside and San Bernardino counties. "You're looking at dozens of projects that need to be done that are about \$15 million a pop."

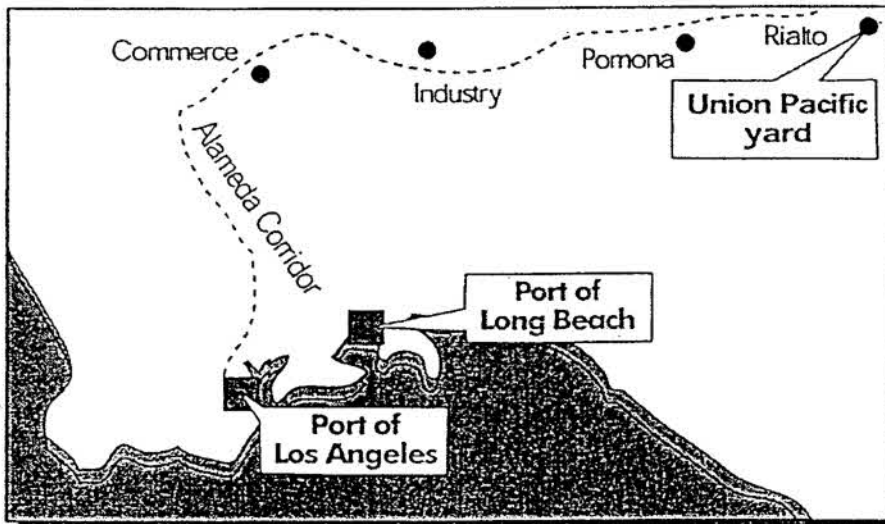
Road and railway improvements



Union Pacific freight train at UP yard in Colton.

should extend at least as far as the San Geronio Pass, about 50 miles east of the Los Angeles County border, to better handle the added truck traffic, Haley said.

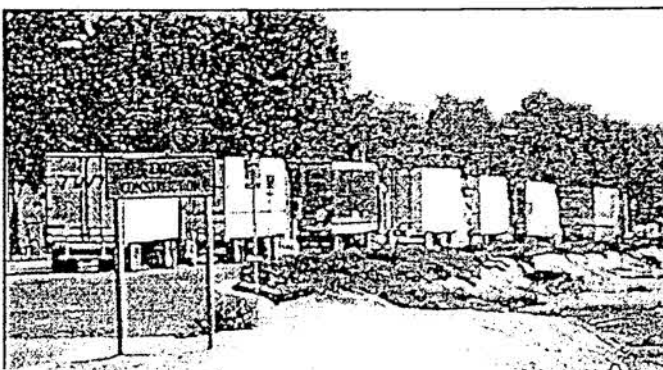
Increased traffic from the Alameda



## Cannonball run

The Alameda Corridor projects eventually will connect the ports of Long Beach and Los Angeles to Pomona at the edge of the Inland Empire. Union Pacific (its Colton rail yard is shown below) says the region's rail lines can handle the additional volume, but local transportation officials say the area's roads will be hard-pressed to accommodate the flood of expected truck traffic. Below left, trucks line up on Guasti Road near two Milliken Avenue truck stops in Ontario.

photos: JOHN REID



Corridor projects may force area motorists to reexamine their driving habits, said Norman King, executive director of San Bernardino Associated Governments, the transportation agency for San Bernardino County.

"The distribution route is great for growth in the area, but it can take its toll on our system," King said. "Every year, we drive more than we used to, and we have to look at our own habits."

The chief concern of the California Trucking Association centers on the possible need for more rail grade separations to avoid vehicle delays at railroad crossings, said its vice president, Warren Hoemann.

"If you think about it, everything that comes in by ship or rail has to be delivered by trucks," Hoemann said. "If they want to consolidate rail lines, more power to them, but we have to be able to do our business, too."

#### FUNDING ROAD IMPROVEMENTS

To help pay for local street and highway improvements, both King and Stan Lisiewicz, the director of Caltrans' local District 8, agreed more of the state's fuel tax revenue should be allocated to local road improvement projects.

The state tax on gasoline and diesel is 18 cents a gallon. The money goes into a state transportation fund, a portion of which is set aside for road improvements.

A plan must be implemented to make more efficient use of the area's arterial systems, Lisiewicz said.

More than 400,000 vehicles a day travel through the western end of the Inland Empire on Interstate 10 and Routes 30 and 60, while more than 200,000 travel daily on Interstate 15 and on Routes 71 and 83 (Euclid Avenue), Lisiewicz said.

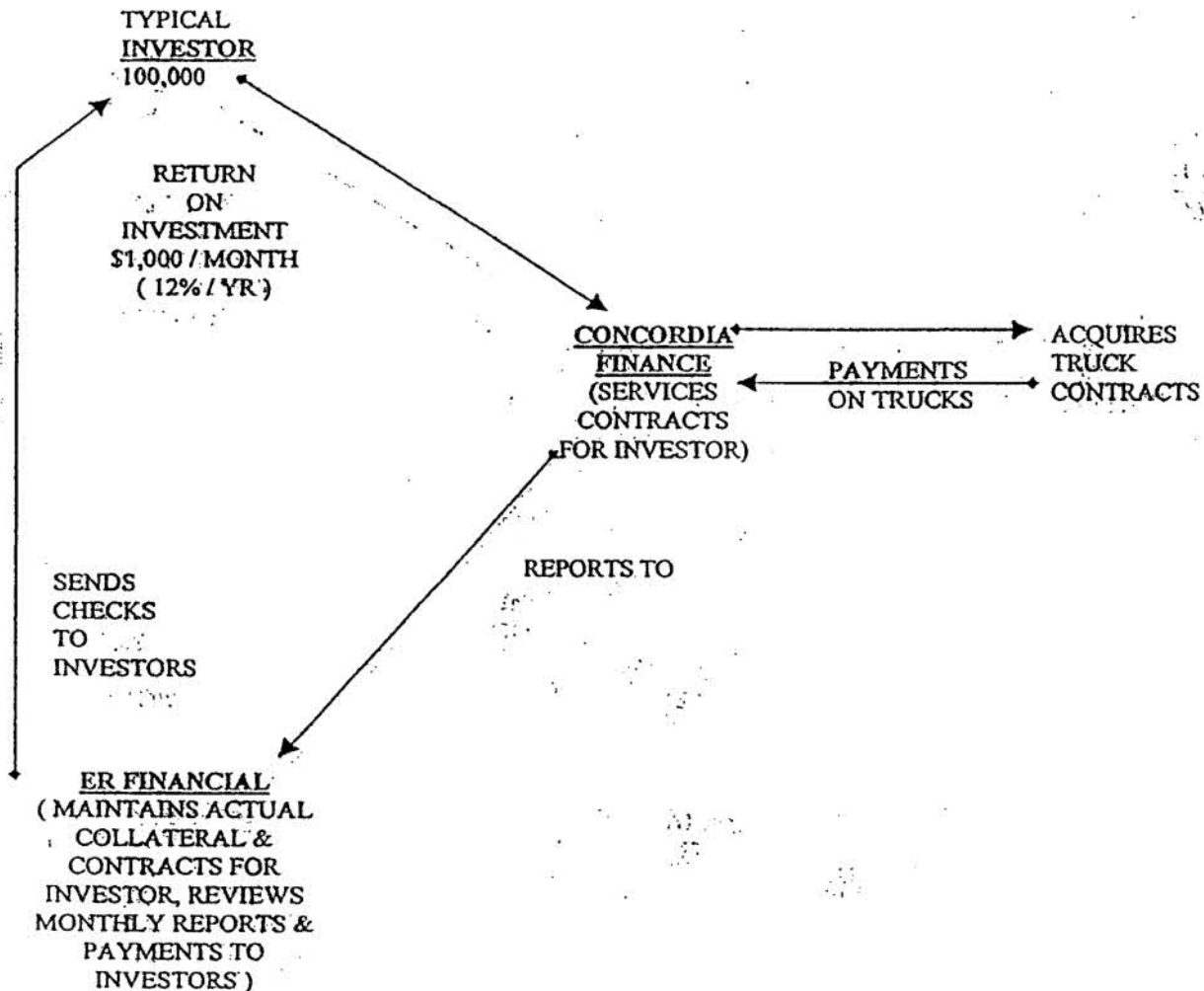
After the current I-10 widening project is completed, along with a \$1.2 billion project to link Route 30 and Interstate 215, traffic volumes in the area could increase 75% overall, said Lisiewicz.

"If we could get the feds to back a proposal to make Interstate 10 a national corridor, you may see some money come in to help relieve congestion," he said. "But for now, the short version of this is: What you see is what you get."

"We have a truly national phenomenon here as far as trade is concerned, and I know that we expect an increase in traffic in the future," said Rick Richmond, chief executive officer of the Alameda Corridor East Transportation Authority. "The big job is to get people aware of this so that we can do something about it."

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# CONCORDIA FINANCE



PRODUCT APPROVED BY  
KANSAS CITY LIFE INS.  
BROKER: SUNSET FINANCIAL

**EXHIBIT D**

# REGISTERED REPRESENTATIVE REGISTRATION CHECKLIST

CURRENT DATE 11/12/98 NEW ☒ TRANSFER ☐

NAME LANCE M BERSCH DOB [REDACTED] SSN [REDACTED]

HOME ADDRESS [REDACTED] AZ [REDACTED] PHONE [REDACTED]

BUSINESS ADDRESS [REDACTED] AZ [REDACTED]

BUSINESS PHONE [REDACTED] FAX [REDACTED] PROOF OF E&O COVERAGE 11/1/98

U-4 RCVD 11/06/98 NASD 11/10/98 FEES \$ 314.50 RCVD 11/06/98 SHORT/EXCESS \$ 0

FINGER PRINT CARD RCVD ☒ YES ☐ NO

NO REQUEST FOR DISCIPLINARY HISTORY  
(COPY OF PAGE 4 SIGNED) RECEIVED 11/09/98

COPY OF RESIGNATION/TERMINATION LETTER RCVD \_\_\_\_\_  
(ONLY IF TERMINATION)

COPY OF U-5 \_\_\_\_\_  
(ONLY IF TRANSFERRING)

KCL APPOINTED ☐ YES ☐ NO ☐ PENDING KCL APPOINTMENT DATE \_\_\_\_\_

KCL AGENT # 352 GENERAL AGENCY ALBERS 970

CALL NASD FOR PRIOR EMPLOYMENT

CONTINUING EDUCATION N/A \*CRD # \_\_\_\_\_

\*REGISTRATION TYPE(S) \_\_\_\_\_ \*STATE REGISTRATION : \_\_\_\_\_

\*PRIOR B/D \_\_\_\_\_ \*DATE TERMINATED \_\_\_\_\_

\*EXAMS TAKEN AND WHEN \_\_\_\_\_

\*DISCIPLINARY HISTORY YES ☐ NO ☒

## AFTER NASD APPROVED

NEW REP PACKET SENT \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ REP AGREEMENT RCVD \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

ENTERED IN OPS \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ BY: \_\_\_\_\_

COMMISSION \_\_\_\_\_ % ENTERED IN OPS \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ BY: \_\_\_\_\_

ACC011495  
BERSCH





Home Office: 3520 Broadway • Kansas City, Missouri 64111 • 816•753•7000

## Sunset Financial Services, Inc.

Member of the National Association of Securities Dealers, Inc., and Securities Investor Protection Corporation

### REGISTRATION APPLICATION

ACC011496  
BERSCH

NAME: LANCE MICHAEL BERSCH CPA SSN: [REDACTED]

AGENT HOME PHONE #: \_\_\_\_\_

GENERAL AGENT: Randolf J. Albers AGENCY #: 970

The following information will assist Sunset Financial Services in making a determination regarding your request for registration. This application is required to be submitted prior to, or accompanied with, your NASD Form U-4.

NASD regulations require that you furnish SFS with the names, full addresses and telephone numbers of all employment history during the past three years. This information is in addition to, and must be consistent with, the ten year employment information required in Item 19 on page 2 of the Form U-4. Please mark whether each employer was an NASD Broker/Dealer, an insurance company, or other, for each employer in item A.

#### A: EMPLOYMENT HISTORY

1. PERIODS OF SELF-EMPLOYMENT: FROM 12/1975 TO 8/31/98

2. PERIODS OF UNEMPLOYMENT: FROM \_\_\_\_\_ TO \_\_\_\_\_

3. EMPLOYER: BUTKE BERSCHTWANZKE PC CPA'S

ADDRESS: [REDACTED]

[REDACTED] AZ [REDACTED]

☐ BROKER/DEALER

☐ INSURANCE CO.

☒ OTHER

FROM: 10/1/85 TO: CURRENT TELEPHONE # [REDACTED]

4. EMPLOYER: SELF EMPLOYED - CPA

ADDRESS: [REDACTED]

[REDACTED] MO [REDACTED]

☐ BROKER/DEALER

☐ INSURANCE CO.

☒ OTHER

FROM: 10/83 TO: 10/85 TELEPHONE # ( )

5. EMPLOYER: UNITED TELECOMMUNICATIONS (NOW SPRINT)

ADDRESS: [REDACTED]

[REDACTED] MO [REDACTED]

☐ BROKER/DEALER

☐ INSURANCE CO.

☒ OTHER

10/81 -- 10/83 TELEPHONE # ( )

*Lance  
Bersch  
Partner*

## FORM U-4

UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER  
If there is an amendment to this page, complete only Items 1, 2, 3, 4 and Items being amended.

1 LAST NAME <b>BERSCH</b>	JR./SR. etc.	FIRST NAME <b>LANCE</b>	MIDDLE NAME (SPECIFY IF NONE) <b>Michael</b>	2 APPLICANT'S CRD #
3 FIRM CRD # <b>3538</b>	4 FIRM NAME (Do not include this employment under item 19, page 2) <b>SUNSET FINANCIAL SERVICES</b>			APPLICANT'S NFA # <b>N/A</b>
6 FIRM MAIN ADDRESS		STREET	CITY	STATE <b>MO</b>
7 BRANCH TO WHICH APPLICANT IS TRANSFERRED		STREET	CITY	STATE <b>MO</b>

8 Will applicant maintain registration with another Broker-Dealer not under common ownership or control with the firm named in Item 4 above?  
If "Yes", list in item 19) ☐ Yes ☒ No

9 Will applicant maintain multiple registrations with Broker-Dealers under common ownership or control with the firm named in Item 4 above?  
If "Yes", fill in information below: ☐ Yes ☒ No

Firm CRD # _____	Name of Firm _____
Firm CRD # _____	Name of Firm _____
Firm CRD # _____	Name of Firm _____

10 TO BE REGISTERED WITH THE FOLLOWING:

<input type="checkbox"/> ASE	<input type="checkbox"/> BSE	<input type="checkbox"/> CBOE	<input type="checkbox"/> CSE	<input type="checkbox"/> MSE	<input type="checkbox"/> NASD	<input type="checkbox"/> NFA	<input type="checkbox"/> NYSE	<input type="checkbox"/> PHLX	<input type="checkbox"/> PSE	<input type="checkbox"/> OTHER (Specify)
<input type="checkbox"/> AK	<input type="checkbox"/> AL	<input type="checkbox"/> AR	<input checked="" type="checkbox"/> AZ	<input type="checkbox"/> CA	<input type="checkbox"/> CO	<input type="checkbox"/> CT	<input type="checkbox"/> DC	<input type="checkbox"/> DE	<input type="checkbox"/> FL	<input type="checkbox"/> GA
<input type="checkbox"/> ID	<input type="checkbox"/> IL	<input type="checkbox"/> IN	<input type="checkbox"/> KS	<input type="checkbox"/> KY	<input type="checkbox"/> LA	<input type="checkbox"/> MA	<input type="checkbox"/> MD	<input type="checkbox"/> ME	<input type="checkbox"/> MI	<input type="checkbox"/> MN
<input type="checkbox"/> MT	<input type="checkbox"/> NC	<input type="checkbox"/> ND	<input type="checkbox"/> NE	<input type="checkbox"/> NH	<input type="checkbox"/> NJ	<input type="checkbox"/> NM	<input type="checkbox"/> NV	<input type="checkbox"/> NY	<input type="checkbox"/> OH	<input type="checkbox"/> OK
<input type="checkbox"/> RI	<input type="checkbox"/> SC	<input type="checkbox"/> SD	<input type="checkbox"/> TN	<input type="checkbox"/> TX	<input type="checkbox"/> UT	<input type="checkbox"/> VA	<input type="checkbox"/> VT	<input type="checkbox"/> WA	<input type="checkbox"/> WI	<input type="checkbox"/> WV
<input type="checkbox"/> WY	<input type="checkbox"/> PR									

**ALL JURISDICTIONS.**  
(Check in Lieu of Each Individual Box).

11 TYPE OF EXAMINATION/REGISTRATION REQUESTED (check all applicable categories)

<input type="checkbox"/> S-3 Commodity Futures Examination	<input type="checkbox"/> S-39 (DP) Direct Participation Program Principal
<input type="checkbox"/> S-4 (OP) Registered Options Principal	<input type="checkbox"/> S-42 (OR) Options Representative
<input type="checkbox"/> S-5 Interest Rate Options Examination	<input type="checkbox"/> S-52 (MR) Municipal Securities Representative
<input checked="" type="checkbox"/> S-6 (IR) Investment Company and Variable Contracts Products Representative	<input type="checkbox"/> S-53 (MP) Municipal Securities Principal
<input type="checkbox"/> S-7 (GS) Full Registration/General Securities Representative	<input type="checkbox"/> S-62 (CS) Corporate Securities Representative
<input type="checkbox"/> S-7 (TR) Securities Trader (NYSE)	<input checked="" type="checkbox"/> S-63 Uniform Securities Agent State Law Examination
<input type="checkbox"/> S-7 (TS) Trading Supervisor (NYSE)	<input type="checkbox"/> S-65 Uniform Investment Advisor Law Examination
<input type="checkbox"/> S-8 (SU) General Securities Sales Supervisor	<input type="checkbox"/> (AG) Agent
<input type="checkbox"/> S-8 (BM) Branch Office Manager (NYSE)	<input type="checkbox"/> (RG) Government Securities Representative
<input type="checkbox"/> S-11 (AR) Assistant Representative/Order Processing	<input type="checkbox"/> (PG) Government Securities Principal
<input type="checkbox"/> S-15 (FC) Foreign Currency Options	<input type="checkbox"/> (ME) Member Exchange (NYSE)
<input type="checkbox"/> S-16 (SA) Supervisory Analyst	<input type="checkbox"/> (LE) Securities Lending Representative (NYSE)
<input type="checkbox"/> S-22 (DR) Direct Participation Program Representative	<input type="checkbox"/> (LS) Securities Lending Supervisor (NYSE)
<input type="checkbox"/> S-24 (GP) General Securities Principal	<input type="checkbox"/> (AM) Allied Member (NYSE)
<input type="checkbox"/> S-26 (IP) Investment Company and Variable Contracts Products Principal	<input type="checkbox"/> (AP) Approved Person (NYSE)
<input type="checkbox"/> S-27 (FN) Financial and Operations Principal	<input type="checkbox"/> (AI) Agent of the Issuer
<input type="checkbox"/> S-28 (FI) Introducing Broker-Dealer/Financial and Operations Principal	<input type="checkbox"/> Reschedule Exam Series _____
	<input type="checkbox"/> Other _____

## THIS PORTION MUST BE COMPLETED FOR ALL PARTIAL (TRANSFER OR RE-REGISTRATION) FILINGS

12 APPLICANT'S CURRENT ADDRESS: \_\_\_\_\_ STREET \_\_\_\_\_ CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP \_\_\_\_\_

FIRM(S) APPLICANT IS TRANSFERRING FROM: \_\_\_\_\_

TERMINATION DATE: (Mo/Day/Yr.) \_\_\_\_\_

☐ CHECK IF THIS U-4 IS BEING FILED TO MAKE PERMANENT A TEMPORARY REGISTRATION (TAT).

The appropriate signatory area DOES NOT have to be completed UNLESS this page is being submitted as an amendment.

MONTH DAY YEAR SIGNATURE OF APPROPRIATE SIGNATORY

ACC011497  
BERSCH



## FORM U-4

UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER  
If there is an amendment to this page, complete only items 13, 14 and the sections being amended.

13 FIRM CRD # <b>3538</b>	SOCIAL SECURITY # [REDACTED]	APPLICANT'S CRD #
FIRM NFA #	[REDACTED]	APPLICANT'S NFA #

## PERSONAL DATA

14 LAST NAME <b>BERSCH</b>	JR, SR., etc.	FIRST NAME <b>LANCE</b>	MIDDLE NAME <b>MICHAEL</b>	15 OTHER NAMES KNOWN BY —
16 DATE OF BIRTH (Month, Day, Year) [REDACTED]	17 SEX <b>M</b>	HEIGHT <b>6</b>	WEIGHT <b>180</b>	HAIR COLOR <b>BR</b>
				EYE COLOR <b>BR</b>

## RESIDENTIAL HISTORY

18 GIVE ALL ADDRESSES FOR THE PAST FIVE YEARS, STARTING WITH CURRENT ADDRESS.

STREET	CITY	STATE	ZIP	FROM MONTH	FROM YEAR	TO MONTH	TO YEAR
[REDACTED]	[REDACTED]	<b>AZ</b>	[REDACTED]	<b>3</b>	<b>92</b>	<b>PRESENT</b>	

## EMPLOYMENT AND PERSONAL HISTORY

19 ACCOUNT FOR ALL TIME FOR THE PAST TEN YEARS. Give all employment experience starting with your previous employer and working back ten years. Include full and part-time work, self-employment, military service, unemployment and full-time education. (If this page is being filed as part of a Form BD, start with your present employer instead.)

NAME	CITY	STATE	FROM MONTH	FROM YEAR	TO MONTH	TO YEAR	POSITION HELD
<b>BUTKE BERSCH FWAJER PC CFP's</b>	<b>LAKE HAVASU CITY</b>	<b>AZ</b>	<b>10</b>	<b>85</b>	<b>now</b>		<b>CFA, PARTNER</b>

20 Are you currently engaged in any other business (not shown above) either as a proprietor, partner, officer, director, trustee, employee, agent or otherwise?  
☒ YES ☐ NO If "YES", please explain below**CFA, ALSO PARTNER IN RESTAURANT BLDG, OWN RESERVE AS PARTNER**

The appropriate signatory area DOES NOT have to be completed UNLESS this page is being submitted as an amendment.

MONTH DAY YEAR SIGNATURE OF APPROPRIATE SIGNATORY

TYPE OR PRINT NAME OF APPROPRIATE SIGNATORY

ACC011498  
BERSCH

CRD USE ONLY

## UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER

If there is an addendum to this page, complete only item 21 and items being added.

(21) FIRM CRD # 3538	FIRM NFA #	SOCIAL SECURITY # [REDACTED]	APPLICANT'S CRD #	APPLICANT'S NFA #
-------------------------	------------	---------------------------------	-------------------	-------------------

IF THE ANSWER TO ANY OF THE FOLLOWING QUESTIONS IS "YES" AND YOU CANNOT UTILIZE THE CERTIFICATION IN ITEM 220 BELOW, ATTACH COMPLETE DETAILS OF ALL EVENTS OR PROCEEDINGS ON DRP(S)

REGISTERED REPRESENTATIVE REGISTRATION CHECKLIST

CURRENT DATE 8, 25, 98

NEW ☒  
TRANSFER ☐

NAME LANCE MICHAEL BERSCH CPA

DOB [REDACTED] SSN [REDACTED] HOME PHONE [REDACTED]

HOME ADDRESS [REDACTED]

BUSINESS ADDRESS [REDACTED] AZ [REDACTED]

BUSINESS PHONE [REDACTED] FAX [REDACTED]

KANSAS CITY LIFE AGENT NUMBER \_\_\_\_\_

GENERAL AGENT NAME Randolf J. Albers

CHECK LIST (what to mail in to get registered)

- ☒ COMPLETED U-4 APPLICATION (in black ink)
- ☒ PROOF OF E&O COVERAGE (for variable products and/or mutual funds)
- N/A COPY OF LICENSE(S) N/A
- ☒ SUNSET FINANCIAL SERVICES REGISTRATION APPLICATION
- ☒ FINGER PRINT CARD (if new rep, or have yes question on page 3, or series 7)
- N/A DEARBORN ORDER FORM (if ordering study materials)
- 314.50 CHECK FOR ALL FEES (make payable to Sunset Financial Services, Inc.)

SEND ALL REGISTRATIONS TO Sunset Financial Services, Inc.

[REDACTED] MO [REDACTED]

This form and the items above must be returned to complete your registration without delay.

ACC011500

AGENT NAME		<i>Lance Bersch</i>								
CHECK NUMBER	NASD FEE	NASD SURCRG	SERIES 6	SERIES 63	OTHER SERIES	FINGER PRINTS	STATES FEE	SFS FEE	UPS FEE	
NASD		8500		6000	6500		24.50	4000	4000	
DEARBORN										
TOTALS		8500		6000	6500		24.50	4000	4000	
									TOTAL	
									31450	

NOTES:

Banking On America

LANCE M. BERSCH, C.P.A.

5-93

Date *10/28/18*

1856  
91-170/1221

Pay to the Order of

\$ *314.50*

Bank of America

Lake Havasu Branch 02268  
25 Riviera Blvd.

Lake Havasu City, AZ 86403

257-0001 In Phoenix, 1-800-284-8491 Nationwide

For

⑆ 1706 ⑆ 1856 873 ⑆ ⑆

ACC011501  
BERSCH

Home Office:

Missouri



**Sunset Financial Services, Inc.**

Member of the National Association of Securities Dealers, Inc., and Securities Investor Protection Corporation

May 7, 1999

Lance M Bersch

AZ

Dear Lance:

We have been notified by the NASD that your registration has been purged. Enclosed is a copy of your U-5 termination sent to the NASD to terminate your association with Sunset Financial Services.

If you would like to reinstate your request or have any questions please contact us at 1-800-821-5529 ext. 8315.

Sincerely,

Roma Wood  
Licensing Representative

ACC011502  
BERSCH

FORM U-5  
UNIFORM TERMINATION NOTICE FOR SECURITIES INDUSTRY REGISTRATION  
*Only Items 13-15 may be amended. To amend, complete only Items 1-4 and the Item(s) being amended.*

1 LAST NAME BERSCH		JR / SR, etc.	FIRST NAME LANCE		MIDDLE NAME (Specify if none) M	2 CRD # 3154313	NFA # N/A						
3 FIRM NAME SUNSET FINANCIAL SERVICES						4 FIRM CRD # 3538	500, SEC. # [REDACTED]						
5 FIRM MAIN ADDRESS [REDACTED]		STREET [REDACTED]		CITY [REDACTED]	STATE MO	ZIP [REDACTED]							
6 BRANCH I.D. #	7 OFFICE OF EMPLOYMENT ADDRESS 2323		STREET [REDACTED]		CITY [REDACTED]	STATE AZ	ZIP [REDACTED]						
8 If this is a multiple termination with one or more firms under common ownership or control with the firm named in Item 3 above, list all firm CRD numbers and the firm name(s).  Firm CRD # _____ Name of Firm _____  Firm CRD # _____ Name of Firm _____  Firm CRD # _____ Name of Firm _____													
9 CHECK ONE: <input checked="" type="checkbox"/> Full Termination (skip item 10) <input type="checkbox"/> Partial Termination (If partial termination, check appropriate box(es) in item 10)													
10 TO BE TERMINATED WITH THE FOLLOWING:													
5 D S B D	<input type="checkbox"/> ASE	<input type="checkbox"/> BSE	<input type="checkbox"/> CBOE	<input type="checkbox"/> CSE	<input type="checkbox"/> MSE	<input type="checkbox"/> NASD	<input type="checkbox"/> NFA	<input type="checkbox"/> NYSE	<input type="checkbox"/> PHLX	<input type="checkbox"/> PSE	<input type="checkbox"/> OTHER (Specify) _____		
	<input type="checkbox"/> AK	<input type="checkbox"/> AL	<input type="checkbox"/> AR	<input type="checkbox"/> AZ	<input type="checkbox"/> CA	<input type="checkbox"/> CO	<input type="checkbox"/> CT	<input type="checkbox"/> DC	<input type="checkbox"/> DE	<input type="checkbox"/> FL	<input type="checkbox"/> GA	<input type="checkbox"/> HI	<input type="checkbox"/> IA
	<input type="checkbox"/> ID	<input type="checkbox"/> IL	<input type="checkbox"/> IN	<input type="checkbox"/> KS	<input type="checkbox"/> KY	<input type="checkbox"/> LA	<input type="checkbox"/> MA	<input type="checkbox"/> MD	<input type="checkbox"/> ME	<input type="checkbox"/> MI	<input type="checkbox"/> MN	<input type="checkbox"/> MO	<input type="checkbox"/> MS
	<input type="checkbox"/> MT	<input type="checkbox"/> NC	<input type="checkbox"/> ND	<input type="checkbox"/> NE	<input type="checkbox"/> NH	<input type="checkbox"/> NJ	<input type="checkbox"/> NM	<input type="checkbox"/> NV	<input type="checkbox"/> NY	<input type="checkbox"/> OH	<input type="checkbox"/> OK	<input type="checkbox"/> OR	<input type="checkbox"/> PA
	<input type="checkbox"/> RI	<input type="checkbox"/> SC	<input type="checkbox"/> SD	<input type="checkbox"/> TN	<input type="checkbox"/> TX	<input type="checkbox"/> UT	<input type="checkbox"/> VA	<input type="checkbox"/> VT	<input type="checkbox"/> WA	<input type="checkbox"/> WI	<input type="checkbox"/> WV	<input type="checkbox"/> WY	<input type="checkbox"/> PR
11 DATE TERMINATED <u>05/06/99</u> (Complete date of termination is required for full or partial termination.) <small>Month/Day/Year</small>													
12 REASON FOR TERMINATION: (Check one) <input type="checkbox"/> Voluntary <input type="checkbox"/> Deceased <input type="checkbox"/> Permitted to Resign <input type="checkbox"/> Discharged <input checked="" type="checkbox"/> Other * Provide an Explanation <u>FAILED TO COMPLETED EXAM REQUIREMENTS</u>													

*Complete Items 13-15 and signature block on reverse side  
Incomplete forms will be returned.*



**FORM U-5**  
**UNIFORM TERMINATION NOTICE FOR SECURITIES INDUSTRY REGISTRATION**

LAST NAME <b>BERSCH</b>	JR./SR., etc.	FIRST NAME <b>LANCE</b>	MIDDLE NAME (Specify if none) <b>M</b>
CRD # <b>3154313</b>	NFA # <b>N/A</b>	SOCIAL SECURITY # [REDACTED]	FIRM CRD # <b>3538</b>

**IF THE ANSWER TO ANY OF THE FOLLOWING QUESTIONS IN ITEMS 13-15 IS "YES" AND YOU CANNOT UTILIZE THE CERTIFICATION IN ITEM 16 BELOW, ATTACH COMPLETE DETAILS OF ALL EVENTS OR PROCEEDINGS ON DRP-5(S)**

**REFER TO THE EXPLANATION OF TERMS SECTION OF FORM U-5 INSTRUCTIONS FOR EXPLANATIONS OF ITALICIZED TERMS.**

	YES	NO	
13A While employed by or associated with your firm, was the individual involved in any disciplinary action by a domestic or foreign governmental body or self regulatory organization (other than those designated as a "minor rule violation" under a plan approved by the U.S. Securities and Exchange Commission) with jurisdiction over the investment-related businesses? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1
13B (1) In connection with events that occurred while the individual was employed or associated with your firm, was the individual: (a) named as a respondent/defendant in an investment-related, consumer initiated arbitration or civil litigation which alleged that the individual was involved in one or more sales practice violations and which: (i) is still pending, or; (ii) resulted in an arbitration award or civil judgment against the individual, regardless of amount, or; (iii) was settled for an amount of \$10,000 or more, -OR- (b) the subject of an investment-related, consumer-initiated, written complaint, not otherwise reported under question 13B(1)(a)(i-iii) above, which alleged that the individual was involved in one or more sales practice violations, and which complaint was settled for an amount of \$10,000 or more? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2
(2) In connection with events that occurred while the individual was employed by or associated with your firm, but for a period not to exceed the most recent twenty-four (24) months of employment, was the individual the subject of an investment-related, consumer initiated, written complaint, not otherwise reported under question 13B(1) above, which: (a) alleged that the individual was involved in one or more sales practice violations and contained a claim for compensatory damages of \$5,000 or more (if no damage amount is alleged, the complaint must be reported unless the firm has made a good faith determination that the damages from the alleged conduct would be less than \$5,000). -OR- (b) alleged that the individual was involved in forgery, theft, misappropriation or conversion of funds or securities? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3
13C While employed by or associated with your firm, was the individual: (1) convicted of or did the individual plead guilty or nolo contendere ("no contest") in a domestic, or foreign or military court to: (a) any felony, -OR- (b) a misdemeanor involving: investments or an investment-related business, or any fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	4
(2) charged with any felony -or- charged with a misdemeanor specified in 13C(1)(b)? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5
14 Currently is, or at termination was, the individual the subject of an investigation or proceeding by a domestic or foreign governmental body or self-regulatory organization with jurisdiction over investment-related businesses? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6
15 Currently is, or at termination was, the individual under internal review for fraud or wrongful taking of property, or violating investment-related statutes, regulations, rules or industry standards of conduct? .....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	7

**DISCLOSURE CERTIFICATION (OPTIONAL)**

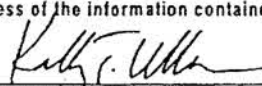
You may only certify to the accuracy and completeness of the disclosure information in the individual's file if it has been fully provided in DRP format. If DRP(s) are not on file, do not answer these certification boxes. Provide full details of all matters on DRP-5(s). All appropriate questions in Items 13-15 above must be answered, regardless of whether the certification is being utilized. Refer to the Instructions on the inside cover of the Form U-5 for additional information on the utilization of the certification language.

16 This is to certify that details relating to the above answers to Items 13, 14 or 15 have been previously reported on amendments to Form U-4 or Form U-5 filed on behalf of the individual. Updated information will be provided, if needed, as it becomes available to the firm. This is to further certify the following:

(A) There is no additional information to be reported at this time .....	YES	NO	
(B) There is additional information to disclose that is reported on the appropriate DRP U-5(s) .....	<input type="checkbox"/>	<input type="checkbox"/>	9
(C) There is updated information, reported on the appropriate DRP U-5(s), relating to disclosures previously reported .....	<input type="checkbox"/>	<input type="checkbox"/>	10

I verify the accuracy and completeness of the information contained in and with this form.

**05/07/99**  
MONTH DAY YEAR

  
SIGNATURE OF APPROPRIATE SIGNATORY

**KELLY T ULLOM**  
TYPE NAME OF APPROPRIATE SIGNATORY

**ROMA WOOD**  
PERSON TO CONTACT FOR FURTHER INFORMATION

[REDACTED]  
TELEPHONE # OF PERSON TO CONTACT

**ACC011504**  
**BERSCH**

NOTICE OF DEFICIENT REGISTRATION REQUEST

REPORT DATE 4/13/99

RE: BERSCH, LANCE MICHAEL  
CRD # 3154313

SSN [REDACTED]

The above referenced individual has registration requests which have been deficient for more than 120 days. These requests, the deficiencies, and the number of days deficient are noted below.

AFFIL POS DEFICIENCIES (DAYS)

AZ	AG	NASD, S63	(140)
NASD	IR	S6	(140)

Registrations which have been requested but have had no action taken on the deficient condition for more than 180 days will be purged. Therefore, your prompt action to rectify this condition is required.

If a registration request is exam deficient and the qualifying exam is currently scheduled, the request will not be purged unless the exam is failed or allowed to expire without re-scheduling.

ACC011505  
BERSCH

FIRM CRD # 3538

SUNSET FINANCIAL SERVICES, INC.

[REDACTED] MO [REDACTED]

ATTN: GREGORY SMITH

03538-04324-015-0171-10413A-05





Home Office:

Missouri

**Sunset Financial Services, Inc.**

Member of the National Association of Securities Dealers, Inc., and Securities Investor Protection Corporation

November 25, 1998

Lance M Bersch

AZ

Dear Lance:

Enclosed is a copy of your NASD status report showing the time frame within which you have to take the Series 6 and 63.

Please read the following carefully. It is your responsibility to understand and follow this information:

- It is your responsibility to schedule your exam(s). Please call (800) 578-6273 to schedule your exam(s) and to find the testing locations convenient to your area. Please let us know when you anticipate taking the exam so that we might follow up accordingly.
- If you schedule your exam(s) and do not sit or show for them or do not cancel by the time that the testing center has informed you (usually two and half business days prior to the exam), there will be a late or no show fee equal to the exam fee.
- If you do not schedule your exam(s) in a timely manner and your window(s) closes you, will need to pay exam fees, again to open a new window.
- If you take your exam(s) and do not pass, you will have to reschedule by sending in a check payable to Sunset Financial Services for the exam(s).
- If you take your exam(s) and do not pass them or do not sit for them and 180 days pass, you will be purged from the NASD. At this point ALL REGISTRATIONS FEES will need to be paid again to get re-registered. For new reps who have not taken any exams before, if 180 days pass and you are purged, and we have not heard from you within another 15 days, a U-5 termination form will be processed.

Thank you and feel free to contact me at (800) 821-5529 ext. 8315 should you have any questions.

Sincerely,

Roma Wood  
Licensing Representative

ACC011506  
BERSCH

FORM U-4 STATUS REPORT

BERSCH, LANCE MICHAEL  
 CRD# 3154313 SSN [REDACTED] REF # 559 31598 REPORT DATE 11/13/98

CE STATUS: SATISFIED  
 REGISTRATIONS REQUESTED DEFICIENCIES NOTED

AFFIL	POS	STATUS	DATE	REASON(S)	FEE	*DATA:
AZ	AG	DEFICIENT	11/12/98	NASD, S63	\$ 40.00	NONE
NASD	IR	DEFICIENT	11/12/98	S6	\$ 85.00	FORM: NONE OTHER: NONE

TOTAL FEES \$ 250.00

EXAMINATIONS SCHEDULED

TYPE	FROM	EXPIRES	FEE
S6	11/12/98	3/12/99	\$ 60.00
S63	11/12/98	2/12/99	\$ 65.00

FIRM CRD # 3538  
 SUNSET FINANCIAL SERVICES, INC.  
 [REDACTED] MO [REDACTED]  
 ATTN: GREGORY SMITH

ACC011507  
 BERSCH

3538-02080-010-0064-11113A-03

FORM U-4

UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER  
If there is an amendment to this page, complete only Items 1, 2, 3, 4 and Items being amended.

① LAST NAME BERSCH		JR /SR /e		FIRST NAME LANCE		MIDDLE NAME (SPECIFY IF NONE) MICHAEL		② APPLICANT'S CRD #	
③ FIRM CRD # 3538		④ FIRM NAME (Do not include this employment under item 19, page 2) SUNSET FINANCIAL SERVICES						⑤ EMPLOYMENT DATE 11/09/98	
FIRM NFA # N/A		FIRM MAIN ADDRESS STREET CITY STATE MO ZIP							
⑦ BRANCH ID #		OFFICE OF EMPLOYMENT ADDRESS STREET CITY STATE AZ ZIP							
⑧ Will applicant maintain registration with another Broker-Dealer not under common ownership or control with the firm named in Item 4 above? (If "Yes", list in item 19) If "Yes", has/have the firm(s) been contacted? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
⑨ Will applicant maintain multiple registrations with Broker-Dealers under common ownership or control with the firm named in Item 4 above? If "Yes", fill in information below: Firm CRD # _____ Name of Firm _____ Firm CRD # _____ Name of Firm _____ Firm CRD # _____ Name of Firm _____									

⑩ TO BE REGISTERED WITH THE FOLLOWING:													
S E C U R I T Y I N S T R U M E N T S	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	ASE	BSE	CBOE	CSE	MSE	NASD	NFA	NYSE	PHLX	PSE	OTHER (Specify)		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	AK	AL	AR	AZ	CA	CO	CT	DC	DE	FL	GA	HI	IA
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	ID	IL	IN	KS	KY	LA	MA	MD	ME	MI	MN	MO	MS
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	MT	NC	ND	NE	NH	NJ	NM	NV	NY	OH	OK	OR	PA
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RI	SC	SD	TN	TX	UT	VA	VT	WA	WI	WV	WY	PR
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
All Jurisdictions. (Check in Lieu Of Each Individual Box).													

⑪ TYPE OF EXAMINATION/REGISTRATION REQUESTED (check all applicable categories)			
<input type="checkbox"/>	S-3 Commodity Futures Examination	<input type="checkbox"/>	S-39 (DP) Direct Participation Program Principal
<input type="checkbox"/>	S-4 (OP) Registered Options Principal	<input type="checkbox"/>	S-42 (OR) Options Representative
<input type="checkbox"/>	S-5 Interest Rate Options Examination	<input type="checkbox"/>	S-52 (MR) Municipal Securities Representative
<input checked="" type="checkbox"/>	S-6 (IR) Investment Company and Variable Contracts Products Representative	<input type="checkbox"/>	S-53 (MP) Municipal Securities Principal
<input type="checkbox"/>	S-7 (GS) Full Registration/General Securities Representative	<input type="checkbox"/>	S-62 (CS) Corporate Securities Representative
<input type="checkbox"/>	S-7 (TR) Securities Trader (NYSE)	<input type="checkbox"/>	S-63 Uniform Securities Agent State Law Examination
<input type="checkbox"/>	S-7 (TS) Trading Supervisor (NYSE)	<input checked="" type="checkbox"/>	S-65 Uniform Investment Advisor Law Examination
<input type="checkbox"/>	S-8 (SU) General Securities Sales Supervisor	<input type="checkbox"/>	(AG) Agent
<input type="checkbox"/>	S-8 (BM) Branch Office Manager (NYSE)	<input type="checkbox"/>	(RG) Government Securities Representative
<input type="checkbox"/>	S-11 (AR) Assistant Representative/Order Processing	<input type="checkbox"/>	(PG) Government Securities Principal
<input type="checkbox"/>	S-15 (FC) Foreign Currency Options	<input type="checkbox"/>	(ME) Member Exchange (NYSE)
<input type="checkbox"/>	S-16 (SA) Supervisory Analyst	<input type="checkbox"/>	(LE) Securities Lending Representative (NYSE)
<input type="checkbox"/>	S-22 (DR) Direct Participation Program Representative	<input type="checkbox"/>	(LS) Securities Lending Supervisor (NYSE)
<input type="checkbox"/>	S-24 (GP) General Securities Principal	<input type="checkbox"/>	(AM) Allied Member (NYSE)
<input type="checkbox"/>	S-26 (IP) Investment Company and Variable Contracts Products Principal	<input type="checkbox"/>	(AP) Approved Person (NYSE)
<input type="checkbox"/>	S-27 (FN) Financial and Operations Principal	<input type="checkbox"/>	(AI) Agent of the Issuer
<input type="checkbox"/>	S-28 (FI) Introducing Broker-Dealer/Financial and Operations Principal	<input type="checkbox"/>	Reschedule Exam Series _____
<input type="checkbox"/>		<input type="checkbox"/>	Other _____

## THIS PORTION MUST BE COMPLETED FOR ALL PARTIAL (TRANSFER OR RE-REGISTRATION) FILINGS

⑫ APPLICANT'S CURRENT ADDRESS		STREET		CITY		STATE		ZIP		FROM MONTH YEAR	
FIRM(S) APPLICANT IS TRANSFERRING FROM:										TERMINATION DATE: (Mo/Day/Yr.)	
<input type="checkbox"/> CHECK IF THIS U-4 IS BEING FILED TO MAKE PERMANENT A TEMPORARY REGISTRATION (TAT).											

The appropriate signatory area DOES NOT have to be completed UNLESS this page is being submitted as an amendment.

MONTH DAY YEAR SIGNATURE OF APPROPRIATE SIGNATORY

TYPE OR PRINT NAME OF APPROPRIATE SIGNATORY

CRD USE ONLY

ACC011508  
BERSCH

FORM U-4

UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER  
If there is an amendment to this page, complete only Items 13, 14 and me if being amended.

(13) FIRM CRD # 3538	SOCIAL SECURITY # [REDACTED]	APPLICANT'S CRD #
FIRM NFA # N/A		APPLICANT'S NFA # N/A

## PERSONAL DATA

(14) LAST NAME BERSCH	JR /SR., etc.	FIRST NAME LANCE	MIDDLE NAME MICHAEL	(15) OTHER NAMES KNOWN BY
(16) DATE OF BIRTH (Month, Day, Year) [REDACTED]	(17) SEX M	HEIGHT 6'	WEIGHT 180	HAIR COLOR BR EYE COLOR BR

## RESIDENTIAL HISTORY

(18) GIVE ALL ADDRESSES FOR THE PAST FIVE YEARS, STARTING WITH CURRENT ADDRESS.						
STREET	CITY	STATE	ZIP	FROM MONTH	YEAR	TO MONTH YEAR
[REDACTED]	[REDACTED]	AZ	[REDACTED]	03	91	PRESENT

## EMPLOYMENT AND PERSONAL HISTORY

(19) ACCOUNT FOR ALL TIME FOR THE PAST TEN YEARS. Give all employment experience starting with your previous employer and working back ten years. Include full and part-time work, self-employment, military service, unemployment and full-time education. (If this page is being filed as part of a Form BD, start with your present employer instead.)								
NAME	BUHKE BERSCH & WANZEK PC CPA'S	FROM MONTH	10	85	TO MONTH YEAR	PR	SE	POSITION HELD
CITY	LAKE HAVASU CITY	STATE	AZ					PARTNER
NAME								
CITY		STATE						
NAME								
CITY		STATE						
NAME								
CITY		STATE						
NAME								
CITY		STATE						
NAME								
CITY		STATE						
NAME								
CITY		STATE						
NAME								
CITY		STATE						
NAME								
CITY		STATE						
NAME								
CITY		STATE						
NAME								
CITY		STATE						

(20) Are you currently engaged in any other business (not shown above) either as a proprietor, partner, officer, director, trustee, employee, agent or otherwise?  
☒ YES ☐ NO If "YES", please explain below:  
CPA. ALSO PARTNER IS RESTAURANT BLDG, OWN R. ESTATE AS PARTNER

The appropriate signatory area DOES NOT have to be completed UNLESS this page is being submitted as an amendment.

MONTH DAY YEAR SIGNATURE OF APPROPRIATE SIGNATORY

TYPE OR PRINT NAME OF APPROPRIATE SIGNATORY

ACC011509  
BERSCH

CRD USE ONLY

## FORM U-4

## UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER

If there is an amendment to this page, complete only item 21 and items being amended

(21) FIRM CRD # 3538	FIRM NFA # N/A	SOCIAL SECURITY # [REDACTED]	APPLICANT'S CRD # [REDACTED]	APPLICANT'S NFA # N/A
-------------------------	-------------------	---------------------------------	---------------------------------	--------------------------

IF THE ANSWER TO ANY OF THE FOLLOWING QUESTIONS IS "YES" AND YOU CANNOT UTILIZE THE CERTIFICATION IN ITEM 22 BELOW, ATTACH COMPLETE DETAILS OF ALL EVENTS OR PROCEEDINGS ON DRP(S)

## REFER TO THE EXPLANATION OF TERMS SECTION OF FORM U-4 INSTRUCTIONS FOR EXPLANATIONS OF ITALICIZED TERMS.

	YES	NO		YES	NO	
22A Have you, or based upon activities that occurred while you exercised control over it, has an organization ever been convicted of or plead guilty or nolo contendere ("no contest") in a domestic, foreign or military court to:						
(1) a felony or misdemeanor involving investments or an investment-related business, or any fraud, false statements or omissions, wrongful taking of property or bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1			
(2) This question intentionally left blank	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3			
(3) any other felony?	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
22B Have you, or based upon activities that occurred while you exercised control over it, has an organization ever been charged with any felony or charged with a misdemeanor specified in question A in a domestic, foreign or military court?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	4			
22C Has any domestic or foreign court ever:						
(1) enjoined you in connection with any investment-related activity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	5			
(2) (a) found that you were involved in a violation of any investment-related statute(s) or regulation(s)	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
-OR-						
(b) dismissed, pursuant to a settlement agreement, an investment-related civil action brought against you by a state or foreign financial regulatory authority?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	6			
22D Has the U.S. Securities and Exchange Commission or the Commodity Futures Trading Commission ever:						
(1) found you to have made a false statement or omission?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	7			
(2) found you to have been involved in a violation of its regulations or statutes?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	8			
(3) found you to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	9			
(4) entered an order against you in connection with investment-related activity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	10			
(5) imposed a civil money penalty on you, or ordered you to cease and desist from any activity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	10A			
22E Has any other Federal regulatory agency or any state regulatory agency or foreign financial regulatory authority ever (Note: this introduction to the question pertains to items 22E (1-5) only):						
(1) found you to have made a false statement or omission or been dishonest, unfair or unethical?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	11			
(2) found you to have been involved in a violation of investment-related regulation(s) or statute(s)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	12			
(3) found you to have been a cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	13			
(4) entered an order against you in connection with investment-related activity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	14			
(5) denied, suspended, or revoked your registration or license or otherwise, by order, prevented you from associating with an investment-related business or restricted your activities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	15			
(6) Has your authorization to act as an attorney, accountant or federal contractor ever been revoked or suspended?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	16			
22F Has any self-regulatory organization or commodities exchange ever:						
(1) found you to have made a false statement or omission?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	17			
(2) found you to have been involved in a violation of its rules (other than a violation designated as a "minor rule violation" under a plan approved by the U.S. Securities and Exchange Commission)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	18			
(3) found you to have been the cause of an investment-related business having its authorization to do business denied, suspended, revoked or restricted?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	19			
(4) disciplined you by expelling or suspending you from membership, barring or suspending your association with its members, or restricting your activities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	20			
22G Within the past twenty-four (24) months, have you been the subject of an investment-related, consumer-initiated, written complaint, not otherwise reported under questions 22H(1) or 22H(2) which:						
(1) alleged that you were involved in one or more sales practice violations and contained a claim for compensatory damages of \$5,000 or more [Note: if no damage amount is alleged, the complaint must be reported unless the firm has made a good faith determination that the damages from the alleged conduct would be less than \$5,000]	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
-OR-						
(2) alleged that you were involved in forgery, theft, misappropriation or conversion of funds or securities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	21			
22H (1) Have you ever been named as a respondent/defendant in an investment-related, consumer-initiated arbitration or civil litigation which alleged that you were involved in one or more sales practice violations and which:						
(a) is still pending,	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
-OR-						
(b) resulted in an arbitration award or civil judgement against you, regardless of amount,	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
-OR-						
(c) was settled for an amount of \$10,000 or more?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	22			
(2) Have you ever been the subject of an investment-related, consumer-initiated written complaint, not otherwise reported under question 22H(1) above, which alleged that you were involved in one or more sales practice violations, and which complaint was settled for an amount of \$10,000 or more?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	23			
22I (1) Have you been notified, in writing, that you are now the subject of any investigation, regulatory complaint or proceeding that could result in a "yes" answer to any part of 22A, B, D, E, or F						
-OR-						
(2) have you been named in any pending investment-related civil action that could result in a "yes" answer to any part of 22C?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	24			
22J Has a bonding company ever denied, paid out on, or revoked a bond for you?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	25			
22K Do you have any unsatisfied judgements or liens against you?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	26			
22L Within the past 10 years have you, or based upon events that occurred while you exercised control over it, has an organization made a compromise with creditors, filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	27			
22M Within the past 10 years, based upon events that occurred while you exercised control over it, has a broker or dealer been the subject of an involuntary bankruptcy petition, or had a trustee appointed, or had a direct payment procedure initiated under the Securities Investor Protection Act?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	28			
22N Have you ever voluntarily resigned, been discharged or permitted to resign after allegations were made that accused you of:						
(1) violating investment-related statutes, regulations, rules or industry standards of conduct?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	29			
(2) fraud or the wrongful taking of property?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	30			
(3) failure to supervise in connection with investment-related statutes, regulations, rules or industry standards of conduct?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	31			
You may certify to the accuracy and completeness of the disclosure information in your file if it has been fully provided in DRP format. If DRP(s) are not on file, do not answer these certification boxes. Provide full details of all matters on DRP(s). All appropriate questions in item 22 must be answered, regardless of whether the certification is being utilized. Refer to the Form U-4 Instructions for additional information on the utilization of the certification language.						
22O I have reviewed a copy of my disclosure file taken from the CRD system. I acknowledge that all information contained therein is fully disclosed, accurate and in DRP format. I further certify the following:						
(1) I have no new information to add to my disclosure file	<input type="checkbox"/>	<input checked="" type="checkbox"/>	32			
(2) I have new information to add to my disclosure file which is reported on the attached DRP(s)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	33			
(3) I have updated information, reported on the attached DRP(s), which was previously reported	<input type="checkbox"/>	<input checked="" type="checkbox"/>	34			

The applicant and appropriate signatory area DOES NOT have to be completed UNLESS this page is being submitted as an amendment.

MONTH DAY YEAR SIGNATURE OF APPLICANT  
TYPE OR PRINT LANCE L BERSCH  
NAME OF APPLICANT

MONTH DAY YEAR SIGNATURE OF APPROPRIATE SIGNATORY  
TYPE OR PRINT NAME OF

ACC011510  
BERSCH

CRD USE ONLY



# UNIFORM APPLICATION FOR SECURITIES INDUSTRY REGISTRATION OR TRANSFER

If there is an amendment to this page, complete only Item 23 and Items being amended.

FIRM CRD # 3538	SOCIAL SECURITY # [REDACTED]	APPLICANT'S CRD # [REDACTED]
FIRM NFA # [REDACTED]	[REDACTED]	APPLICANT'S NFA # [REDACTED]

## THE APPLICANT MUST READ THE FOLLOWING VERY CAREFULLY.

- I swear or affirm that I have read and understand the items and instructions on this form and that my answers (including attachments) are true and complete to the best of my knowledge. I understand that I am subject to administrative, civil or criminal penalties if I give false or misleading answers.
- I apply for registration with the jurisdictions and organizations indicated in Item 10 as may be amended from time to time and, in consideration of the jurisdictions and organizations receiving and considering my application, I submit to the authority of the jurisdictions and organizations and agree to comply with all provisions, conditions and covenants of the statutes, constitutions, certificates of incorporation, by-laws and rules and regulations of the jurisdictions and organizations as they are or may be adopted, or amended from time to time. I further agree to be subject to and comply with all requirements, rulings, orders, directives and decisions of, and penalties, prohibitions and limitations imposed by the jurisdictions and organizations, subject to right of appeal or review as provided by law.
- I agree that neither the jurisdictions or organizations nor any person acting on their behalf shall be liable to me for action taken or omitted to be taken in official capacity or in the scope of employment, except as otherwise provided in the statutes, constitutions, certificates of incorporation, by-laws or the rules and regulations of the jurisdictions and organizations.
- I authorize the jurisdictions and organizations to give any information they may have concerning me to any employer or prospective employer, any federal, state or municipal agency, or any other organization and I release the jurisdictions and organizations and any person acting on their behalf from any and all liability of whatever nature by reason of furnishing such information.
- I agree to arbitrate any dispute, claim or controversy that may arise between me and my firm, or a customer, or any other person, that is required to be arbitrated under the rules, constitutions, or by-laws of the organizations indicated in Item 10 as may be amended from time to time and that any arbitration award rendered against me may be entered as a judgement in any court of competent jurisdiction.
- For the purpose of complying with the laws relating to the offer or sale of securities or commodities in the jurisdictions indicated in Item 10 as may be amended from time to time, I irrevocably appoint the administrator of each of those jurisdictions, or such other person designated by law, and the successors in such office, my attorney upon whom may be served any notice, process or pleading in any action or proceeding against me arising out of or in connection with the offer or sale of securities or commodities, or out of the violation or alleged violation of the laws of the jurisdictions. I consent that any such action or proceeding against me may be commenced in any court of competent jurisdiction and proper venue by service of process upon the appointee as if I were a resident of, and had been lawfully served with process in, the jurisdiction. I request that a copy of any notice, process or pleading served hereunder be mailed to my current residential address as reflected in this form or any amendment thereto.
- I consent that notice of any investigation or proceeding by any self-regulatory organization against applicant may be given by personal service or by regular, registered or certified mail or confirmed telegram to applicant at his/her most recent business or home address as reflected in this Form U-4, or any amendment thereto, or by leaving notice of the investigation or proceeding at such address.
- I authorize all of my employers and any other person to furnish to any jurisdiction or organization or any agent acting on its behalf, any information they have, including my creditworthiness, character, ability, business activities, educational background, general reputation, history of my employment and, in the case of former employers, complete reasons for my termination. Moreover, I release each employer, former employer and each other person from any and all liability, of whatever nature, by reason of furnishing any of the above information, including that information reported on the Uniform Termination Notice for Securities Industry Registration (Form U-5). I recognize that I may be the subject of an investigative consumer report ordered by the jurisdictions, or organizations with which this application is being filed, and waive any requirement of notification with respect to any investigative consumer report ordered by any such jurisdiction or organization. I understand that I have the right to request complete and accurate disclosure by the jurisdiction or organization of the nature and scope of the requested investigative consumer report.
- I understand and certify that the representations in this form apply to all employers with whom I seek registration as indicated in Items 4 and 9 of this form. I agree to update this form by causing an amendment to be filed on a timely basis whenever changes occur to answers previously reported. Further, I represent that, to the extent any information previously submitted is not amended, the information provided in this form is currently accurate and complete.
- If I have become temporarily registered as an agent, I acknowledge that this application for registration with the jurisdictions and organizations indicated in Item 10 is separate and distinct from any temporary registration already obtained with the jurisdictions and organizations. I further understand that my registration may be denied, suspended or revoked under the laws, regulations or rules of the jurisdictions and organizations.

8 25 98  
Month Day Year

*Lance Michael Bersch*  
SIGNATURE OF APPLICANT

LANCE MICHAEL BERSCH CPA  
TYPE OR PRINT NAME OF APPLICANT

## THE FIRM MUST COMPLETE THE FOLLOWING

To the best of my knowledge and belief, the applicant is currently bonded where required, and, at the time of approval, will be familiar with the statute(s), constitution(s), rules and by-laws of the agency, jurisdiction or self-regulatory organization with which this application is being filed, and the rules governing registered persons, and will be fully qualified for the position for which application is being made herein. I agree that, notwithstanding the approval of such agency, jurisdiction or organization which hereby is requested, I will not employ the applicant in the capacity stated herein without first receiving the approval of any authority which may be required by law. This firm has communicated with all of the applicant's previous employers for the past three years.

EMPLOYER	NAME OF PERSON CONTACTED	POSITION OF PERSON CONTACTED	EMPLOYED FROM	TO	HOW CONTACTED		
					PHONE	LETTER	INTERVIEW
Bullke Bersch & Wanzel	Lance Bersch	Partner	10/85	Present	X		

IN ADDITION, I HAVE TAKEN APPROPRIATE STEPS TO VERIFY THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN AND WITH THIS APPLICATION.

THE APPROPRIATE SIGNATORY AREA MUST BE COMPLETED ON ALL INITIAL, TRANSFER OR AMENDMENT FILINGS.

11 10 98  
MONTH DAY YEAR

*Suse Denney*  
SIGNATURE OF APPROPRIATE SIGNATORY

SUSE DENNEY  
TYPE OR PRINT NAME OF APPROPRIATE SIGNATORY

CRD USE ONLY

ACC011511  
BERSCH

ACC011512  
BERSCH

APPLICANT		LEAVE BLANK	
SIGNATURE OF PERSON FINGERPRINTED <i>Donald Bensch</i>		TYPE OR PRINT ALL INFORMATION IN BLOCK	
EMPLOYER SONSET FINANCIAL SERVICES, INC.		LAST NAME BERSCH	
DATE 1/28/90		FIRST NAME DONALD	
MO MO		MIDDLE NAME MICHAEL	
FEDERAL ID NUMBER 9821348103		CITIZENSHIP USA	
REASON FOR FINGERPRINTING SEC RULE 171-2		ARMED FORCES NO MILITARY	
OTHER NO. 1		SOCIAL SECURITY NO. [REDACTED]	
FBI NO. FBI		MISCELLANEOUS NO. MILITARY	
FINGERPRINTS		CLASS	
1. R. THUMB		2. R. INDEX	
3. R. MIDDLE		4. R. RING	
5. R. PINKY		6. L. THUMB	
7. L. INDEX		8. L. MIDDLE	
9. L. RING		10. L. PINKY	
LEFT FOUR FINGER PLACES ONLY		RIGHT FOUR FINGER PLACES ONLY	

# ENROLLMENT FORM

Kansas City Life Professional Liability Plan  
for General Agents & Agents

Please enroll me in the Errors & Omissions (E&O) program for Kansas City Life general agents and agents. Enclosed is my check for

check is made payable to Aon Direct Group, Inc.

Enrollment: Put a check mark in front of the desired effective date. The

required premium is shown in the column on the right of the effective date chosen. Complete this form and send it with your check to Aon Direct Group, 112 North Wacker Drive, 16th Fl. Chicago, IL 60606.

You have a choice of two payment options (check one):

1. Payment in full by check (VISA/Mastercard Only)

2. Payment in full by credit card (VISA/Mastercard Only)

Credit Card: ☒ ☐

Expiration Date: 9/30/99

Insured's Signature: *James Michael Bersch*

Date: 8/15/98

Effective Date	Premium Due
Jan. 1997	\$500
Jul. 1997	\$461
Jan. 1997	\$412
Jul. 1997	\$383
Jan. 1997	\$344
Jul. 1997	\$305
Jan. 1997	\$266
Jul. 1997	\$227
Jan. 1998	\$188
Jul. 1998	\$149
Jan. 1998	\$110
Jul. 1998	\$71
Jan. 1998	\$32

*December 98*  
Includes \$15 Administrative Fee

☒ I also want coverage for other financial products, i.e., unit investment trusts, stocks and bonds and limited partnerships (through Sunset Financial Services at an annual cost of \$150.00 (no pro-rata premium).

Agent's Name: *Michael Bersch*

Address: *ALCA, TX*

City: *LAKE*

Telephone: *AKC*

Kansas City Life Agents



Within the last three years have you or anyone who would be an Additional Insured under your enrollment had a claim made against any of you that would have fallen within the scope of coverage of this policy: Yes ✓ No   

a. If yes, how many claims?           

b. For each closed claim for which the amounts paid for Damages and/or Claim Expenses combined on any claim exceeded \$10,000, indicate the total amounts paid for Damages and Claim Expenses for each such claim.

Claim	Damages	Claim Expenses
#1	\$ <u>          </u>	\$ <u>          </u>
#2	\$ <u>          </u>	\$ <u>          </u>
#3	\$ <u>          </u>	\$ <u>          </u>
#4	\$ <u>          </u>	\$ <u>          </u>

c. Any claims still pending? Yes    No NA

If yes, for each Claim indicate Claimant's demand, the amount of Claim Expenses incurred to date, and the insurer's total loss reserve, including Claim Expenses (if known):

Demand	Claim Expense	Insurer's Loss Reserve
1. <u>          </u>	\$ <u>NA</u>	<u>          </u>
2. <u>          </u>	\$ <u>          </u>	<u>          </u>
3. <u>          </u>	\$ <u>          </u>	<u>          </u>
4. <u>          </u>	\$ <u>          </u>	<u>          </u>

Percentage of your annual business produced through Kansas City Life Insurance products:            %

I hereby advise that the statements contained in this enrollment form are accurate and complete and are a material inducement to the insurance carrier to provide coverage under the Kansas City Life Agents' Errors and Omissions Liability Insurance policy and my enrollment in the policy has been permitted in reliance upon these representations. I acknowledge that the terms and conditions of the coverage may change subject to a review of the reported claim history.

Signature *Donnell Paul*

Date 8.25.98

Home Office: [REDACTED] • [REDACTED] Missouri

## **Sunset Financial Services, Inc.**

Member of the National Association of Securities Dealers, Inc., and Securities Investor Protection Corporation

I acknowledge that I am covered for E&O.

Acceptable forms of proof include:

- A current face page or declaration page from your policy, specifying you as the "Named Insured"
- If you are not specified as a named insured, a copy of the policy page that lists the individuals covered under the policy is also required.
- If the policy does not contain a list of specific covered individuals, please also send a copy of the policy page that contains the definition of an insured person along with proof that you are included under that definition.
- A copy of the policy page(s) specifying that coverage is provided for variable products and/or mutual fund sales and general securities if you are Series 7 licensed.

### **ATTACHED IS MY PROOF OF COVERAGE**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Representative's Signature

\_\_\_\_\_  
Officer's Initials

**YOUR REGISTRATION WILL NOT BE EFFECTIVE  
UNTIL YOU HAVE PROVIDED THIS PROOF OF E&O  
COVERAGE.**

**ACC011515**  
BERSCH

Enter Command  
->PREHIRE

Enter the RR's CRD Number or SSN

-> [REDACTED]

Unable to find RR for SSN entered

EXHIBIT E

ACC011517  
BERSCH

Albers Financial Group, Inc.

AZ

FAX

facsimile transmittal

To: Susie

Fax: [REDACTED]

From: Melody

Date: 10/2/01

Re: Randy Albers

Pages: 5 -

CC:

☐ Urgent

☐ For Review

☐ Please Comment

☐ Please Reply

☐ Please Recycle

Susie -  
here is faxed copy of RR survey.  
Original was Mailed yesterday.  
give me a ring if you have any  
questions!

Thanks!  
Mel

ACC011518  
BERSCH

## SFS 2001 Annual Registered Representative Survey Answer Sheet -7

## I. Licensing

- A. Yes ☒ No ☐  
 B. Yes ☒ No ☐  
 C. Yes ☒ No ☐  
 D. See attached sheet

- E. Yes ☒ No ☐  
 F. Yes ☒ No ☐  
 G. Yes ☐ No ☒  
 H. Yes ☒ No ☐  
 I. Yes ☒ No ☐  
 J. Yes ☒ No ☐  
 K. Yes ☐ No ☒

N/A

- L. Yes ☒ No ☐

## II. Securities Activities

- A. Yes ☒ No ☐  
 B. Yes ☒ No ☐  
 C. Yes ☒ No ☐

(See attached)  
AXA-CAN Concordia Financial  
A240 R.C. Special Power Book  
All Through (Sunset Financial)  
2 Paid by SFB  
Through SFS

- D. Yes ☒ No ☐  
 E. Yes ☒ No ☐  
 F. Yes ☐ No ☐  
 G. Yes ☒ No ☐  
 H. Yes ☒ No ☐  
 I. Yes ☐ No ☒  
 J. Yes ☒ No ☐

## III. Customer Information

- A. Yes ☒ No ☐  
 B. Yes ☒ No ☐  
 C. Yes ☒ No ☐  
 D. Yes ☒ No ☐  
 E. Yes ☐ No ☒  
 F. Yes ☐ No ☒

- G. Yes ☒ No ☐  
 H. Yes ☐ No ☒

To The Best of my  
Knowledge

- I. Yes ☒ No ☐  
 J. Yes ☐ No ☒  
 K. Yes ☐ No ☒  
 L. Yes ☐ No ☒

- O. Yes ☒ No ☐  
 Yes ☒ No ☐  
ALBERTS FINANCIAL  
ALBERTS AZ AGENT  
735 LLC  
COA LLC  
 Yes ☐ No ☐

All accounts  
with  
bank  
airline  
Building

Print Name

## IV. Sales Practices

- A. Yes ☒ No ☐  
 B. Yes ☒ No ☐  
 C. Yes ☐ No ☒  
 D. Yes ☐ No ☒  
 E. Yes ☒ No ☐  
 F. Yes ☒ No ☐  
 G. Yes ☒ No ☐  
 H. Yes ☒ No ☐  
 I. Yes ☒ No ☐  
 J. Yes ☐ No ☒  
 K. Yes ☐ No ☒  
 L. Yes ☐ No ☒  
 M. Yes ☒ No ☐  
 N. Yes ☐ No ☒  
 O. Yes ☒ No ☐  
 P. Yes ☐ No ☒  
 Q. Yes ☐ No ☒  
 R. Yes ☒ No ☐

## V. Advertising

- A. Yes ☐ No ☒  
 B. Yes ☒ No ☐  
 C. Yes ☒ No ☐  
 D. Yes ☒ No ☐  
 E. Yes ☐ No ☒  
 F. Yes ☒ No ☐  
 G. Yes ☐ No ☒  
 H. Yes ☒ No ☐  
 I. Yes ☒ No ☐  
 J. Yes ☐ No ☒

## VI. General Compliance

- A. Yes ☒ No ☐  
 B. Yes ☒ No ☐  
 C. Yes ☒ No ☐  
 D. Yes ☒ No ☐  
 E. Yes ☒ No ☐  
 F. Yes ☐ No ☒  
 G. Yes ☒ No ☐  
 H. Yes ☐ No ☒  
 I. Yes ☒ No ☐

ACC011519  
 BERSCH

## VII. Investment Advisor Activities

- A. Yes ☐ No ☒  
 B. Yes ☒ No ☐  
 C. Yes ☒ No ☐  
 D. Yes ☐ No ☒  
 E. N/A

3.8 million

Handy Allred

## NASD Outside Activity Report

Your Actual Time and Income Based on Current Activity

	Est. % Total Time	Est. % Total Income
Sunset Financial Services Products	40	40
Fee Based Planning	5	5
Traditional Life Insurance Products	15	15
Fixed Annuity Products	10	10
P & C Products	N/A	
Tax Preparation or Accounting		
All other outside business activities:		
PRIVACY placements	10	
w/ Sunset	20	30
	100	100
Must total 100%	100%	100%

Sunset Financial Registered Representative's Certification Registered representative certifies, by signing below, that he or she has reviewed, understands and agrees with each statement, has performed any duties or obligations referred to, and will comply with industry regulations and standards of conduct as set forth herein. He or she has also followed and will follow all of the procedures described herein on a continuing basis in connection with securities transactions for Sunset Financial.

I have attached all additional documentation necessary, including a Business Card and a sample of my Letterhead.

Randolph Albers  
Registered Representative Signature

Randolph D. ALBERS 10043  
Print Full Name and Rep Number

10/1/01  
Date

Return answer sheet only to  
Susie Denney, AVP Compliance  
Sunset Financial Services, Inc.

[REDACTED]  
Missouri [REDACTED]

Reviewed By \_\_\_\_\_

Date \_\_\_\_\_



Home Office: [REDACTED]

Missouri [REDACTED]

**Sunset Financial Services, Inc.**

Member of the National Association of Securities Dealers, Inc., and Securities Investor Protection Corporation

October 1, 2001

Susie Denney, AVP Compliance  
Sunset Financial Services, Inc.

[REDACTED] MO [REDACTED]

RE: Randolph J. Albers - 2001 Annual Representative Survey

Dear Susie:

Enclosed please find my completed 2001 Annual Representative Survey. Following are detailed answers for section I - Licensing, and section II - Securities Activities:

***Section I - Licensing******Outside Business Activities -***

Life/Health/Disability Registered Agent for: Acordia; Acensus/ Empire General/ Berkshire Life/CNA; Blue Cross/Blue Shield; Federal Home Life; Gem Insurance; Kansas City Life; Kemper; Life of Virginia; Midland National; KCL Paid Dental; Provident Life & Annuity; Time/Fortis; Travelers; Southland Life; Unum/Provident; USG Life; Connecticut National; Health Partners/United Healthcare; Midcontinent Life; Manu Life; Golden Care/Bankers United;

**Other:**

Albers Family Trust, Trustee  
Genevieve Albers Family Limited Partnership co-managing partner, Trustee ( Deceased parent's trust)  
Albers Financial Group, Inc.-President/CEO (\*Separate Bank Account @MI Thunderbird Bank)  
Albers Arizona Agency (\*Separate Bank Account @MI Thunderbird Bank)  
CPI Consulting- set up of ESOP's  
COA Limited Liability Corp. - Managing partner for Office Building in Phoenix we recently sold and previously occupied (\*Separate Bank Account @MI Thunderbird Bank)  
Integrated Trust Systems - Consultant to sell Trusts  
Mid-Continent Oil & Gas - Working partnership interest, limited liability  
N73S - Limited Liability Partnership of Airplane used for business purposes. (\*Separate Bank Account @MI Thunderbird Bank)  
Foundation Board Member of the Phoenix Area Boys & Girls Club

ACC011521  
BERSCH



*Section II - Securities Activities*

**Private Securities Transactions/Venture Capital activities-**

Dyna-Cam Engine Corporation and Emerald Power Boats: Currently involved in a private placement of preferred stock to raise capital.

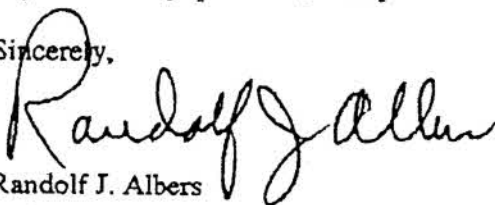
Concordia Financing Co.: Secured Notes

Aztore Holdings, Inc.: Corporate Bonds

Sale of private placements made to accredited investors only, and only after approved by Sunset Financial Services. Sunset Financial Services is the Selling agent for both private placements, and all commissions are paid through Sunset Financial Services, Inc.

If you have any questions, or require additional information, please give me a call.

Sincerely,



Randolf J. Albers

RJA/mgf

Enclosures

ACC011522  
BERSCH

2006 ACQ

Yes

9. Do you understand that you cannot act and should not act, nor can you allow your clients to act, on inside information?

Yes

10. Have you bought or sold securities, or recommended that a customer buy or sell securities, based on insider information?

No

11. As a rep of Sunset Financial, are you aware that you and your immediate family members cannot participate in any initial public offering (IPO) of stock?

Yes

12. While a representative of Sunset Financial, have you or your immediate family members participated in an IPO?

No

13. While a Sunset Financial rep have you personally participated in any purchase or sale of a private investment (i.e. Private Placement)?

Yes

- 13.1. If yes, explain in the space provided.

- Imh secured loan fund triple net 1031 exchanges, Concordia all have been approved by Sunset Financial

#### Customer Information

1. Do you understand that you must complete any purchase application and New Account Application form completely, accurately and legibly? (Incomplete applications and new account forms will be returned for additional information. Without complete information, suitability cannot be determined and investments will be made only when the Application and New Account Information is received in proper form by Sunset Financial.)

Yes

2. Do you understand the requirements regarding maintenance of documentation surrounding a client's transaction(s); e.g., checks, investment applications and application supplements?

Yes

3. Do you promptly update a customer's new account documentation when you learn of changes in a client's circumstances that should be recorded on the new account documentation?

Yes

4. Do you understand that an attempt must be made to update client information every 36 months?

Yes

5. Did you complete the books and records mailing updating customer information by the required date of May 3, 2006?

Yes

6. Do you understand that you are not permitted to sign another person's name to a document under any circumstances?

Yes

7. While a Sunset Financial rep, have you opened a discretionary account for a customer prior to approval by the customer and Sunset Financial?

ACC011523  
BERSCH

6. Have you ever received referral or finder's fees from anyone for referring securities clients and/or business?

No

7. Have you ever paid referral or finder's fees to anyone for referring securities clients and/or business?

No

8. Have you read Sunset Financial's policy on insider trading?

Yes

9. Do you understand that you cannot act and should not act, nor can you allow your clients to act, on inside information?

Yes

10. Have you bought or sold securities, or recommended that a customer buy or sell securities, based on insider information?

No

11. As a rep of Sunset Financial, are you aware that you and your immediate family members cannot participate in any initial public offering (IPO) of stock?

Yes

12. While a representative of Sunset Financial, have you or your immediate family members participated in an IPO?

No

13. While a Sunset Financial rep have you personally participated in any purchase or sale of a private investment (i.e. Private Placement)?

Yes

- 13.1. If yes, explain in the space provided.

- IMH Secured Loan fund Triple net 1031 exchanges Concordia and all have been approved by sunset

#### Customer Information

1. Do you understand that you must complete any securities purchase application and New Account Application form (Form 1400) completely, accurately, and legibly? (Incomplete applications and New Account forms will be returned for additional information. Without complete information, suitability cannot be determined. Investments will be made only when the Application and New Account Information is received in proper form by Sunset Financial.)

Yes

2. Do you understand the requirements regarding maintenance of documentation surrounding a client's transaction(s); e.g., checks, investment applications and application supplements?

Yes

3. Do you promptly update a customer's new account information when you learn of changes in a client's circumstances that should be recorded on the new account documentation?

Yes

4. Do you understand that an attempt must be made to update client information every 36 months?

Yes

5. Did you complete the books and records mailing updating customer information by the required date of April 30,

ACC011524  
BERSCH

6. Have you ever received referral or finder's fees from anyone for referring securities clients and/or business?

No

7. Have you ever paid referral or finder's fees to anyone for referring securities clients and/or business?

No

8. Have you read Sunset Financial's policy on insider trading?

Yes

9. Do you understand that you cannot act, and should not act, nor can you allow your clients to act, on inside information?

Yes

10. Have you bought or sold securities, or recommended that a customer buy or sell securities, based on insider information?

No

11. As a rep of Sunset Financial, are you aware that you and your immediate family members cannot participate in any initial public offering (IPO) of stock?

Yes

12. While a representative of Sunset Financial, have you or your immediate family members participated in an IPO?

No

13. While a Sunset Financial rep have you personally participated in any purchase or sale of a private investment (i.e. Private Placement)?

Yes

13.1. If yes, explain in the space provided.

- IMH Secured Loan Fund, Triple Net or Grubb & Ellis 1031 Exchanges, Concordia and all have been approved by Sunset

#### Customer Information

1. Do you understand that you must complete any securities purchase application and New Account Form (Form 1400) completely, accurately, and legibly? (Incomplete applications and New Account Forms will be returned for additional information. Without complete information, suitability cannot be determined. Investments will be made only when the Application and New Account Information is received in proper form by Sunset Financial.)

Yes

2. Do you understand the requirements regarding maintenance of documentation surrounding a client's transaction(s); e.g., checks, investment applications and application supplements?

Yes

3. Do you promptly update a customer's new account information when you learn of changes in a client's circumstances that should be recorded on the new account documentation?

Yes

4. Do you understand that an attempt must be made to update client information every 36 months?

Yes

5. Do you understand that you are not permitted to sign another person's name to a document under any

EXHIBIT F

# TRADES BLOTTER

AcctNum	Sponsor	TradeDate	Batch	Amount	Concession	Commission	Rep
	CONC	1/31/2003	2003021445		750.00	712.50	Albers, Randy
	CONC	2/28/2003	2003031420		750.00	712.50	Albers, Randy
	CONC	3/31/2003	2003041425		750.00	712.50	Albers, Randy
	CONC	5/5/2003	2003052711		750.00	712.50	Albers, Randy
	CONC	5/31/2003	2003061033		750.00	712.50	Albers, Randy
	CONC	6/30/2003	2003071434		750.00	712.50	Albers, Randy
	CONC	7/31/2003	2003081420		750.00	712.50	Albers, Randy
	CONC	8/31/2003	2003091529		750.00	712.50	Albers, Randy
	CONC	9/30/2003	2003102039		750.00	712.50	Albers, Randy
	CONC	10/31/2003	2003112007		750.00	712.50	Albers, Randy
	CONC	11/30/2003	2003121708		750.00	712.50	Albers, Randy
	CONC	12/31/2003	2004011905		750.00	712.50	Albers, Randy
	CONC	1/31/2004	2004022011		750.00	712.50	Albers, Randy
	CONC	2/27/2004	2004032322		750.00	712.50	Albers, Randy
	CONC	3/31/2004	2004041430		750.00	712.50	Albers, Randy
	CONC	5/12/2004	2004052106		750.00	712.50	Albers, Randy
	CONC	5/31/2004	2004061522		750.00	712.50	Albers, Randy
	CONC	6/30/2004	2004071428		750.00	712.50	Albers, Randy
	CONC	8/9/2004	2004081903		750.00	712.50	Albers, Randy
	CONC	9/1/2004	2004092105		750.00	712.50	Albers, Randy
	CONC	9/30/2004	2004101534		750.00	712.50	Albers, Randy
	CONC	10/31/2004	2004111515		750.00	712.50	Albers, Randy
	CONC	11/30/2004	2004122107		750.00	712.50	Albers, Randy
	CONC	1/5/2005	2005011319		750.00	712.50	Albers, Randy
	CONC	2/14/2005	2005021506		750.00	712.50	Albers, Randy
	CONC	3/8/2005	2005032106		750.00	712.50	Albers, Randy
	CONC	4/8/2005	2005041538		750.00	712.50	Albers, Randy
	CONC	5/8/2005	2005051339		750.00	712.50	Albers, Randy
	CONC	6/2/2005	2005061402		750.00	712.50	Albers, Randy
	CONC	6/28/2005	2005071302		750.00	712.50	Albers, Randy
	CONC	7/29/2005	2005081201		750.00	712.50	Albers, Randy
	CONC	9/1/2005	2005091342		750.00	712.50	Albers, Randy
	CONC	9/28/2005	2005102619		750.00	712.50	Albers, Randy
	CONC	10/31/2005	2005111502		750.00	712.50	Albers, Randy
	CONC	11/30/2005	2005121331		750.00	712.50	Albers, Randy
	CONC	1/1/2006	2006011903		750.00	712.50	Albers, Randy
	CONC	2/1/2006	2006021338		750.00	712.50	Albers, Randy
	CONC	3/1/2006	2006031528		750.00	712.50	Albers, Randy
	CONC	4/1/2006	2006042026		750.00	712.50	Albers, Randy
	CONC	5/1/2006	2006051526		750.00	712.50	Albers, Randy
	CONC	6/6/2006	2006061536		750.00	712.50	Albers, Randy
	CONC	7/1/2006	2006071319		750.00	712.50	Albers, Randy
	CONC	8/1/2006	2006081505		750.00	712.50	Albers, Randy
	CONC	9/1/2006	2006092503		750.00	712.50	Albers, Randy
	CONC	10/11/2006	2006101808		750.00	712.50	Albers, Randy
	CONC	11/1/2006	2006112117		750.00	712.50	Albers, Randy
	CONC	12/1/2006	2006122227		750.00	712.50	Albers, Randy
	CONC	1/1/2007	2007011246		750.00	712.50	Albers, Randy
	CONC	1/31/2007	2007022210		774.00	735.30	Albers, Randy
	CONC	3/1/2007	2007032012		774.00	735.30	Albers, Randy
	CONC	4/1/2007	2007041805		774.00	735.30	Albers, Randy
	CONC	5/8/2007	2007051536		774.00	735.30	Albers, Randy
	CONC	6/1/2007	2007061515		774.00	735.30	Albers, Randy

ACC011527  
BERSCH

CONC	7/31/2007	2007082112	774.00	735.30	Albers, Randy
CONC	9/1/2007	2007092522	690.00	655.50	Albers, Randy
CONC	10/1/2007	2007101513	741.00	703.95	Albers, Randy
CONC	11/1/2007	2007112006	741.00	703.95	Albers, Randy
CONC	12/5/2007	2007121444	741.00	703.95	Albers, Randy
CONC	1/8/2008	2008011431	741.00	703.95	Albers, Randy
CONC	1/31/2008	2008021542	741.00	703.95	Albers, Randy
CONC	2/29/2008	2008032407	741.00	703.95	Albers, Randy
CONC	4/9/2008	2008041449	765.00	726.75	Albers, Randy
CONC	5/9/2008	2008052008	741.00	703.95	Albers, Randy
CONC	5/30/2008	2008061919	765.00	726.75	Albers, Randy
CONC	6/30/2008	2008071608	741.00	703.95	Albers, Randy
CONC	7/31/2008	2008081531	765.00	726.75	Albers, Randy
CONC	8/31/2008	2008091707	765.00	726.75	Albers, Randy
CONC	9/30/2008	2008102005	741.00	703.95	Albers, Randy
CONC	10/31/2008	2008112131	765.00	726.75	Albers, Randy
CONC	11/30/2008	2008121541	741.00	703.95	Albers, Randy
CONC	12/31/2008	2009012721	765.00	726.75	Albers, Randy
CONC	2/13/2009	2009022526	765.00	726.75	Albers, Randy

0.00 54,873.00 52,129.35

Total Records

75

BATCH NUMBER	<u>2007032012</u>
FUND COMPANY	<u>Concordia</u>
INVESTMENT	<u>0.00</u>
CONCESSION	<u>774.00</u>
CHECK AMOUNT	<u>774.00</u>
AMOUNT DUE CO	<u></u>

Here's copies  
of some I've found-  
Still waiting on  
a few boxes



2012

CONCORDIA

March 1, 2007

Sunset Financial

MO

xt

2007 MAR 19 AM 10:41  
SUNSET FINANCIAL SERVICES

Gentlemen:

17963

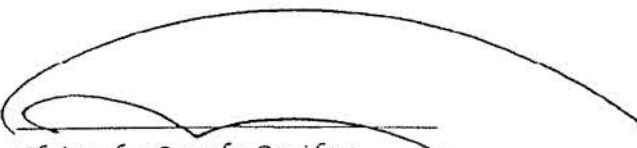
Concordia Finance is pleased to enclose a check for Commission of \$774.00 for the month of February. The amount above represents the total commissions from investments generated by Randy Albers #100-43.

An itemized breakdown is as follows:

1 Foutz	\$258.00
2 Ferris-Note	\$258.00
3 Pierce	\$258.00

If further information is needed regarding this report, please call Ana Trueba or myself at (800) 647-5310.

Thank you.

  
Christopher Crowder-President

The interest is calculated on a daily basis, so your check will vary each month. Please call (928) 208-2610 with any questions. Thank You.

ACC011530  
BERSCH

CONCORDIA FINANCE LTD.

CHECK NO.

17963

Vendor: SUNSET

Check Date: 03/09/07

SUNSET FINANCIAL

Check Source: RE

Voucher	Inv Date	Due Date	Invoice #	Comments	Amount Paid
001198	03/09/07	03/09/07	2/28/07	2/28/07-SUNSET FINANCIAL	774.00

CHECK NUMBER: 17963

TOTAL

2007 MAR 19 AM 10:41  
SUNSET FINANCIAL SERVICES  
\*\*\*774.00

ACC011531  
BERSCH

# SUNSET FINANCIAL

## Unpaid Transactions by Rep

410043-RANDOLF ALBERS

Security Name

Account No.

Customer Name

311 CORCORADA FINANCIAL CO LTD

RANDY ALBERS CLIENTS

Trade Date	Qual	Hold	Pay	No	Investment Amount	Concession	Comm %	Commission	Receive
3/1/2007					0.00	774.00	95	735.30	3 10/2007

Transactions: 1

735.30

Rep Total:

0.00

774.00

Total Transactions: 1

735.30

Grand Total:

0.00

774.00

ACC011532  
BERSCH

BATCH NUMBER	<u>2009022526</u>
FUND COMPANY	<u>CONC</u>
INVESTMENT	<u>0</u>
CONCESSION	<u>765.00</u>
CHECK AMOUNT	<u>765.00</u>
AMOUNT DUE CO	<u></u>

# SUNSET FINANCIAL

## Unpaid Transactions by Rep

1970-10043-RANDOLF ALBERS      Account No.      Customer Name      Trade Date      Qual. Hold      Investment Amount      Concession      Comm %      Commission      Receive

1884536 CONCORDIA FINANCING CO LTD      RANDY ALBERS CLIENTS      2/13/2009      Pay      No      0.00      765.00      95      726.75      2/17/2009

Rep Total:	0.00	765.00	726.75
Grand Total:	0.00	765.00	726.75

**CONCORDIA**

2009 FEB 17 PM 12:35

02/13/2009

SUNSET FINANCIAL

Month: January, 2009

MO

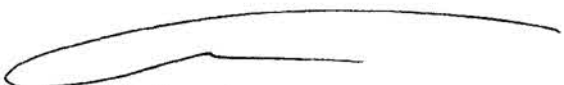
Dear Gentlemen:

Concordia Finance is pleased to enclose a check for the custodial services for the transactions on the date indicated below.

Tran Date	Acct Number	Investor Name	Amount	Custodian Fee
01/31/2009	920-000170	FERRIS-SPENCE, BONNI	\$2,038.35	\$255
01/31/2009	920-000157	FOUTZ TRUST	\$2,038.35	\$255
01/31/2009	920-000216	PIERCE, WILLIAM A. &	\$2,038.35	\$255
The check is for the total amount of the custodian fees.				\$765

If further information is needed regarding this report, please call me at

Thank you for your services.

  
Christopher Crowder  
President

ACC011535  
BERSCH

CONCORDIA FINANCE LTD.

CHECK NO.

35723

Vendor: SUNSET

Check Date: 02/13/09

SUNSET FINANCIAL

Check Source: RE

Voucher	Inv Date	Due Date	Invoice #	Comments	Amount Paid
010627	01/31/09	01/31/09	JAN 2009	CUSTODIAL FEES	765.00

PAID  
FEB 17 PM 12:36

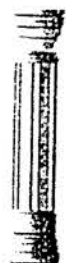
*Both as Paid to  
Nancy Allen*

CHECK NUMBER: 35723

TOTAL

\*\*\*\*\*765.00

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# CONCORDIA FINANCE

INVESTING IN TRANSPORTATION

11/07/04

2000  
2000  
2000

October 30, 2000

Address:  
Sunset Financial

MO

To Whom It May Concern:

Enclosed is a Concordia Finance Company Finders Fee check for Randy Albers. Any questions please feel free to contact Ernie Stein or Tanya Campos at (909) 483-8101 between the hours of 9:00am-5:00pm PST, Monday-Friday.

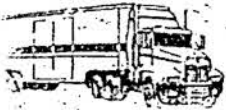
Thank-you,

Ernie Stein  
Concordia Finance Company

ACC011537  
BERSCH

CA





CONCORDIA FINANCE LTD.

1252

DATE 10/30/00

90-7049-3222

AY  
O THE  
RDER OF Sunset Financial

\$ 2000.00

two thousand 00/100

DOLLARS ☒

PFF BANK & TRUST  
ALTA LOMA, CA 91701

OR Albers Res Pierce #10043

⑈001252⑈ ⑈0495⑈

⑈04973⑈

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# SUNSET FINANCIAL

## Unpaid Transactions by Rep

1970-10043-RANDOLF ALBERS

Order Security Name

Account No.

Customer Name

1134671 CONCORDIA FINANCING CO LTD

RANDY ALBERS CLIENTS

Trade Date	Qual	Hold	Investment Amount	Concession	Comm %	Commission	Receive
1/03/2000	Pay	No	0.00	2,000.00	95	1,900.00	11/03/2000

Rep Total:

0.00 2,000.00 Transactions: 1 1,900.00

Grand Total:

0.00 2,000.00 Total Transactions: 1 1,900.00

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BERSCH

BATCH NUMBER	<u>2003012220</u>
FUND COMPANY	<u>Condominium</u>
INVESTMENT	<u>0</u>
CONCESSION	<u>750.00</u>
CHECK AMOUNT	<u>750.00</u>
AMOUNT DUE CO	<u></u>



# CONCORDIA FINANCE

INVESTING IN TRANSPORTATION

January 9, 2003

Sunset Financial  
[REDACTED]  
[REDACTED] MO [REDACTED]

Gentlemen:

Concordia Finance is pleased to enclose a check for Commissions in the amount of \$750.00, for the previous month of December. The amount above represents the total commissions from investments generated by Randy Albers #100-43.

An itemized breakdown is as follows:

1 Foutz	\$250.00
2 Ferris-Note	\$250.00
3 Pierce	\$250.00

If further information is needed regarding this report, please call Lupe Contreras or myself at (800) 647-5310.

Thank you.

Christopher Crowder, Vice-President

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[REDACTED] CA [REDACTED]

CONCORDIA FINANCE LTD.

CHECK NO. 05203

SUNSET	SUNSET FINANCIAL		Jan 9 03
C.F 010903 Jan 9 03	750.00	0.00	750.00

	750.00	0.00	750.00
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ACC011542  
BERSCH

# SUNSET FINANCIAL

## Unpaid Transactions by Rep

0970-10043-RANDOLF ALBERS  
 Order Security Name  
 2381680 CTNORDATA FINANCIAL CO LTD

Account No. [REDACTED]

Customer Name  
 RANDY ALBERS CLIENTS

Trade Date  
 12/31/2002

Qual. Hold  
 Pay No

Investment Amount  
 0.00

Concession  
 750.00

Comm %  
 95

Commission Receive  
 712.50 (01/02/2003)

Rep Total:	0.00	750.00	712.50
Grand Total:	0.00	750.00	712.50
Transactions: 1			
Total Transactions: 1			

ACC011543  
 BERSCH

**EXHIBIT G**

**ACC011544**  
BERSCH

Sent: Wednesday, August 11, 2010 12:18 PM

To: Evans, Brett

Subject: FW: Concordia Funding I - Term Sheet & Info Memo

Importance: High

Here is some info on Concordia a used semi-tractor financier, I think I mentioned.

Take a look and see if its something you would want to pursue and let me know. Mick has talked with them and I told him I was going to turn it over to you. He concurred with me and that that you might be the best to call them, as you guys have tag teamed others before.

Kim Kirkman

-----Original Message-----

From: Armen J. Dekmejian [mailto:ajdinc@ ]

Sent: Monday, July 26, 2010 4:48 PM

To: Kirkman, Kim

Cc: 'Kevin Lam'; 'Chris Crowder'

Subject: Concordia Funding I - Term Sheet & Info Memo

Importance: High

Kim;

Randy requested that we forward the following information to you.

Should you have any questions, require additional information and / or would like to discuss this investment opportunity, please do not hesitate to contact us.



Regards,

Armen J. Dekmejian

Concordia Financie

ajdinc@[REDACTED]

-----Original Message-----

From: Armen J. Dekmejian [mailto:ajdinc@[REDACTED]]

Sent: Wednesday, July 14, 2010 9:45 PM

To: 'randy@albersfinancial.com'; 'rjalbers@[REDACTED]'

Cc: 'Kevin Lam'; 'Robert Tam'; 'Armen J. Dekmejian'; 'Chris Crowder'

Subject: Concordia Funding I - Term Sheet & Info Memo

Importance: High

Randy;

Attached for your review are the following:

- 1) Updated Term Sheet for the Concordia Funding I, LLC 9% Secured Note offering.
- 2) Summary Information Memorandum

Should you have any questions, please do not hesitate to contact Chris, Kevin or myself.

Regards,

ACC011546  
BERSCH

Armen J. Dekmejian

ajdinc@[REDACTED]

[REDACTED]

Chris Crowder

[REDACTED]

Kevin Lam

[REDACTED]

<b>From:</b>	"Kirkman, Kim" <kkirkman@kclife.com>
<b>To:</b>	"Evans, Brett" <bevans@pac-point.com>
<b>Date:</b>	2010-09-21 13:46:50
<b>Subject:</b>	RE: Concordia Funding I - Term Sheet & Updated Info Memo

I like tail, not trails. Next week work?

-----Original Message-----

From: Evans, Brett [mailto:bevans@pac-point.com]  
Sent: Tuesday, September 21, 2010 12:41 PM  
To: Kirkman, Kim  
Subject: RE: Concordia Funding I - Term Sheet & Updated Info Memo

I think I agree. I haven't even gotten in to the structure - this was their presentation. I wanted to see a bit more background on the company first.

Don't worry, I remember you don't like the trail. Let's discuss at your convenience.

Sincerely,

Brett Evans

President

Pacific Point Securities, LLC

**ACC011548**  
BERSCH

Printer friendly

Page 2 of 7

[REDACTED] Office

[REDACTED] Cell

Member FINRA/SIPC

-----Original Message-----

From: Kirkman, Kim [mailto:kkirkman@kclife.com]

Sent: Monday, September 20, 2010 12:28 PM

To: Evans, Brett

Subject: RE: Concordia Funding I - Term Sheet & Updated Info Memo

You know I was thinking, that 5% should go to client anyway to get them up to a 18.5% return. This is a subprime deal and investor deserves the higher yield on that type of credit.

-----Original Message-----

From: Armen J. Dekmejian [mailto:ajdinc@[REDACTED]]

Sent: Wednesday, September 15, 2010 4:27 PM

To: 'Evans, Brett'; Kirkman, Kim

Cc: 'Kevin Lam'; 'Chris'; 'Armen J. Dekmejian'

Subject: Concordia Funding I - Term Sheet & Updated Info Memo

**ACC011549**  
BERSCH

Brett;

We apologize for the delay in getting you the supplemental information  
your  
had requested.

Our information memorandum has been updated substantially, including a  
detailed overview of our servicing operations and an overview of  
historical  
delinquency and default rates as well as a summary of Concordia Fundings  
I  
projections.

In addition, we have attached an updated term sheet reflecting your  
comments. Specifically, we have reduced the servicing fee from 6% to  
5.5%  
with an 80% (investor) -20% (Concordia) profit participation. For a  
\$7.5mm  
funding, we project an IRR of approximately 13.5%.

Tomorrow we will forward to you our detailed historical and projected  
financial statements for Concordia Finance as well as detailed  
projections  
for Concordia Funding I.

ACC011550  
BERSCH

Printer friendly

Page 4 of 7

Best regards,  
Armen Dekmejian

-----Original Message-----

From: Evans, Brett [mailto:bevans@pac-point.com]  
Sent: Friday, August 13, 2010 10:33 AM  
To: Kirkman, Kim; ajdinc@[REDACTED]  
Subject: RE: Concordia Funding I - Term Sheet & Info Memo

Armen -

It was a pleasure talking to you on the phone. Very interesting product.

I look forward to receiving Corcordia's financial statements,  
projections on  
NewCo/Concordia Funding and other information we discussed, including a  
potential cost associated with the servicing fee.

Sincerely,

Brett Evans  
President

ACC011551  
BERSCH

Pacific Point Securities, LLC

[REDACTED] Office

[REDACTED] Cell

Member FINRA/SIPC

-----Original Message-----

From: Kirkman, Kim [mailto:kkirkman@kclife.com]

Sent: Wednesday, August 11, 2010 12:18 PM

To: Evans, Brett

Subject: FW: Concordia Funding I - Term Sheet & Info Memo

Importance: High

Here is some info on Concordia a used semi-tractor financier, I think I mentioned.

Kim Kirkman

-----Original Message-----

From: Armen J. Dekmejian [mailto:ajdinc@[REDACTED]]

Sent: Monday, July 26, 2010 4:48 PM

To: Kirkman, Kim

Cc: 'Kevin Lam'; 'Chris Crowder'

Subject: Concordia Funding I - Term Sheet & Info Memo

ACC011552  
BERSCH

Printer friendly

Page 6 of 7

Importance: High

Kim;

Randy requested that we forward the following information to you.

Should you have any questions, require additional information and / or would

like to discuss this investment opportunity, please do not hesitate to contact us.

Regards,

Armen J. Dekmejian

Concordia Financie

ajdinc@[REDACTED]

-----Original Message-----

From: Armen J. Dekmejian [mailto:ajdinc@[REDACTED]]

Sent: Wednesday, July 14, 2010 9:45 PM

To: 'randy@albersfinancial.com'; 'rjalbers@[REDACTED]'

Cc: 'Kevin Lam'; 'Robert Tam'; 'Armen J. Dekmejian'; 'Chris Crowder'

Subject: Concordia Funding I - Term Sheet & Info Memo

Importance: High

**ACC011553**  
BERSCH



Randy,

Attached for your review are the following:

- 1) Updated Term Sheet for the Concordia Funding I, LLC 9% Secured Note offering.
- 2) Summary Information Memorandum

Should you have any questions, please do not hesitate to contact Chris, Kevin or myself.

Regards,

Armen J. Dekmejian

ajdinc@[REDACTED]

[REDACTED]

Chris Crowder

[REDACTED]

Kevin Lam

[REDACTED]

**Concordia Funding I, LLC**  
**up to 10,000 Units**  
**Consisting of up to \$10,000,000 9% Secured Notes**  
**and 10,000 Shares**

**Summary of Terms**  
(for discussion purposes only)

Issuer:	Concordia Funding I, LLC
Securities Offered:	Up to 10,000 Units of (a) \$10,000,000 Principal amount of Secured Notes ("Secured Notes") of Concordia Funding I, LLC and (b) 10,000 shares of Concordia Funding I, LLC to accredited investors.
Concordia I, LLC	A separate corporate entity used only to acquire and hold the Conditional Installment Sales Contracts ("Sales Contracts") originated and serviced by Concordia Finance, Inc.
Investment Purpose:	<p>Concordia Finance, Inc. ("Concordia") intends to use the net proceeds to purchase class 8 truck Sales Contracts. Investments will be made in qualified Sales Contracts originated by Concordia.</p> <p>Sales Contracts are purchased from Concordia's long established nationwide network of truck dealers. Sales Contracts typically have a maturity of 36 months from issuance, pay a monthly interest and are secured with a first priority lien on the truck.</p>
Investment Returns:	<p>a) Investors will receive monthly income interest returns equal to an annual rate of approximately 9%.</p> <p>b) Investors will also receive an annual profit participation of 90% (after payout of operating expenses i.e. servicing, recovery, origination, custodial fees and investor interest). Concordia Funding I LLC will commence annual profit distributions during year three.</p> <p>Unit Target IRR is approximately 13.50%.</p>
Drawdown Period:	To be determined

Term: Two-year origination term plus three-year maturation period (total five years). The portfolio of Eligible Contracts will generally consist of a diversified pool of sub-prime ("C" paper) and prime ("B" paper) Conditional Installment Sales Contracts (which finance the purchase of pre-owned Class 8 trucks). The weighted-average FICO score to approximately 600 and weighted-average maturity of approximately 24 months.

Security Interest: Concordia Funding I, LLC Secured Notes will be secured, on a first priority basis, by all rights, title, and interest in a pool of Sales Contract on pre-owned Class 8 trucks.

Originator: Concordia Finance, Inc. ("Concordia") Concordia is a specialty servicing company that provides funding for purchasers (the "Borrowers") of pre-owned Class 8 trucks (otherwise known as "heavy", "big-rig", or "18 wheeler" trucks.).

Primary Servicer: Concordia will enter into an origination and servicing agreement with Concordia Funding I to originate and service the Sales Contracts. Concordia will be paid an origination fee and monthly servicing fee on the Sales Contract.

Custodian: Concordia and Concordia Funding I will enter into a Custodial Agreement to maintain and hold all documents and titles relating to the Sales Contract for purposes of administration.

Sunset Sales Commission: 7% of gross offering proceeds (5% at closing with 0.5% annual trailer for 4 years).

Due Diligence, Organization and: 2% of gross offering proceeds at closing.  
Offering Expenses

Transfers, Redemption: No investor may sell, assign, pledge, or transfer any of the Secured Notes without prior written consent of Concordia Funding I, LLC. Investors have limited right to have their Secured Notes redeemed or prepaid by Concordia Funding I, LLC. An investment in the Senior Notes should be considered illiquid.

Subject to restrictions and discount, Senior Noteholders will have a limited right to have their Senior Notes redeemed or prepaid by Concordia Funding I, LLC.

Reporting:

Concordia Funding I, LLC will provide unaudited monthly statement of their purchased Sales Contracts and annual audited financial statements.

Investor:

Qualified investor must be an Accredited Investor as defined by Rule 501(a) of Regulation D under the Securities Act of 1933 ("1933 Act")

Tax Information:

Income information is reported on a schedule K-1 and will be distributed to investors following the close of each fiscal year (December 31<sup>st</sup>).

### Summary of Fund Operating Expenses

Servicing Fee:

6% per annum, payable monthly to Concordia (excludes recovery and repossession expenses)

Origination Fee:

1.5% of the principal balance of each Eligible Receivable

Custodial Fee:

0.50% per annum, payable monthly to Custodian (TBD).

**ACC011557**  
BERSCH

CONCORDIA FINANCE CO. LTD

CA

SUMMARY INFORMATION MEMORANDUM  
FOR  
CONCORDIA FUNDING I, LLC

JULY 2010  
PRIVATE AND CONFIDENTIAL

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BERSCH

The information set forth in this document is confidential business information of Concordia Finance Co., Ltd and is provided in connection with a potential transaction between the company (and its affiliates) and one or more accredited investors, within the meaning of applicable securities laws. This document does not constitute an offer, or a solicitation of an offer, for the sale of securities. This document has been prepared solely for information purposes and is subject to change without notice. The company does not warrant the accuracy or completeness of the information contained herein.

# CONCORDIA FINANCE CO. LTD

## INTRODUCTION

Concordia Finance Co. Ltd ("Concordia") was established in Fontana California in 1994, as a specialty finance company that focuses on the sub-prime pre-owned truck financing market. Concordia provides funding to buyers ("Buyer" or "Borrower") of pre-owned Class 8 Trucks (otherwise known as "heavy", "big-rig", or "18-wheeler" trucks) by purchasing retail sales installment contracts ("Contracts") through its U.S. based dealer network. Concordia typically funds pre-owned Class 8 Trucks that are typically three to six years old. Although the current U.S. market value for pre-owned Class 8 Trucks is sizeable, the competition for financing of pre-owned trucks is highly fragmented and financially limited. These characteristics combined with increasing demand for trucking services in markets where Concordia operates, provides Concordia with an excellent opportunity to continue its growth strategy profitably.

Presently, Concordia is active in over 25 States throughout the U.S. At year-end 2009, Concordia was the industry leader of pre-owned truck financing in California, Illinois, Massachusetts, North Carolina and Georgia. Concordia's growth plans include utilizing its close relationship with Freightliner and other dealership networks throughout the U.S., as well as regional expansion in the Mid-West and South-East Corridors.

## CONCORDIA FUNDINGS I, LLC

Concordia Funding I, LLC, a special corporate entity will be formed to capitalize on the current and emerging opportunities derived from the pre-owned truck financing industry. Concordia through Concordia Funding I, LLC, is currently seeking to raise up to \$10 million in senior secured financing ("Senior Notes") to fund the opportunities in the pre-owned truck finance business over the next two years. The proceeds from this effort will be used to purchase Contracts which will be domiciled in Concordia Funding I, LLC ("Concordia Funding I"). Concordia Funding I allows for investors to participate at reduced risk as the senior notes are fully secured by the diversified pool of contracts purchased by the company.

## BACKGROUND

Concordia Finance Co. Ltd., was formed in April of 1994, by Kenneth Crowder and Fred Wiseman. The objective was and remains to provide financial opportunity to Independent Owner Operators of used Big Rig trucks. The upper and middle tier funding opportunities of new Big Rig trucks were held by well established companies such as GE Capital.

Concordia found a niche opportunity in the Sub-prime truck market. This market was fractured and in need of a consistent point of service. Concordia established a single interest rate of 30% to all of its customers. It also streamlined the approval process to communicate with the dealer.

Other companies maintained variable interest rates that left the dealer unable to forecast the monthly payment to the customer. With Concordia's fixed rate this obstacle was removed. The fast approval process of 24 hours increased the customer capture rate. Many companies would take 2-5 days for approvals. Both of these in conjunction with dealer communication allowed Concordia to quickly establish itself as an industry leader.

Concordia services its own loan portfolios. It was decided to vertically integrate all finance related elements into the company. This was done for both control and cost benefit. Concordia's primary customers (borrowers) are of Latin American descent. Our underwriting and collections departments are bilingual and trained in the culture of these customers. This allows Concordia to maintain a lower delinquency rate than much of its competition.

The original goal was for Concordia to remain small and focused on the Southern California market. This was expanded in 1999 to all of California, Oregon and Washington. During 2005, Christopher Crowder, the company's Chief Operating Officer began to take the company to states across the country. This was done for two reasons. The first was to regionally diversify the portfolio. The second was to satisfy demand from O.E.M. stores, namely Freightliner. This strategy was successful. With the down turn in the economy negatively impacted the country as a whole although some regions varied. The diversity helped control losses.

Today Concordia is poised to take advantage of a reemerging economy. The fact that we have remained, for our dealer base, while our competition has left the industry gives us greater recognition and status which we have not seen before. We are presented with a unique and timely opportunity to catch a large and growing market that others will not see or understand.

#### EXPECTED GROWTH

Concordia's long-term growth will be driven by steady rebound in truck driver demand and trucking demand from local, regional and national markets. In its existing markets, Concordia will experience growth at rates greater than the trucking industry in general as Concordia continues to capture market share in port and railhead regions. The driving force supporting Concordia's nationwide growth over the next two years will be the growth in truck driver and trucking demand as well as new market penetration.

#### **Truck Driver Demand – National Growth**

The projected strong growth of the trucking industry and the need for drivers provides Concordia and Concordia Funding I investors a great opportunity. In the chart below from the Bureau of Labor Statistics, the number of truck drivers is expected to increase 18.6% over 2008 numbers by 2018, outpacing the projected growth in all occupations of only 10.3% over that same period.

Note: Total, all occupation is presented for comparison purposes.

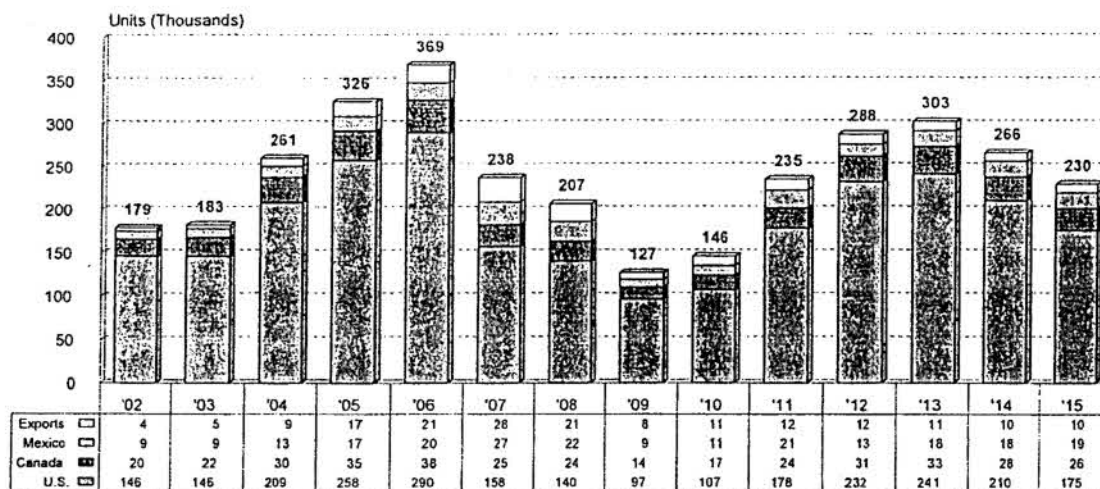
Occupation	2008		Projected 2018		Change, 2008-2018	
	Employment (in thousands)	Percent of Industry	Employment (in thousands)	Percent of Industry	Number (in thousands)	Percent
Total, all occupations	976.8	100.00	1,077.4	100.00	100.6	10.3
Truck drivers, heavy and tractor-trailer	584.8	59.87	693.6	64.38	108.8	18.6





## N.A. Class 8 Retail Sales

2002-2015



ACT Research Co., LLC Copyright 2010

The steady rise in expected demand from 2010 through 2013 allows Concordia to exploit market supply / demand imbalances. In addition to the Class 8 sales and production forecasts, ACT Research also points to a need for the financing services Concordia provides.

*"Credit availability and financing for used trucks continue to be an issue, but lenders will follow the money, so to speak."*

*"It is no surprise that there are fewer finance companies than there were two years ago, and the finance sources are being more selective about whom they finance. Now we are hearing that even lenders that are still in business are not writing any new loans, a potential death knell unless the practice reverses itself soon. Part of the reason credit is tight is that used truck sales have returned quicker than the ability of the existing finance sources to raise capital."*

*"Two new developments bode well for the industry. The first is the resumption of fleets to begin disposing of their own used equipment in favor of better results than wholesaling or trading it in. Second, many dealers are starting to go out and buy used trucks. Dealers are seeing increased used truck demand and know they do not have enough used trucks in inventory or anticipated trade ins to meet demand. Some dealers who have not stocked used trucks for over two years are starting to stock used trucks again."* ACT Research Co., LLC 2010

Concordia will seize upon these trends early and it is Concordia's strategic objective to utilize its reputation and understanding of dealers, the industry, and customers to be the first responder to the financing needs of this truck industry upturn.

### Demand for Pre-owned Class 8 Trucks

The macroeconomic factors that support demand for new Class 8 Trucks, also applies to demand for pre-owned Class 8 Trucks. In addition, strong demand for pre-owned Class 8 Trucks will continue

due to their price to value relationship relative to new trucks. New Class 8 Trucks cost on average \$125,000, however, a five year old truck with 500,000 miles will have a base cost approximately \$30,000, and if maintained correctly, can serve the same purpose as a new vehicle. The useful life of Class 8 Trucks has been increasing over the last decade.

Current Class 8 Truck production runs are designed to have a useful life of up to 1.5 million miles, while trucks manufactured five years ago had a useful life of approximately 1.1 million miles. Since large fleets typically replace used trucks having between 350,000 and 500,000 miles of use, these Class 8 Trucks still have many useful years prior to a major overhaul.

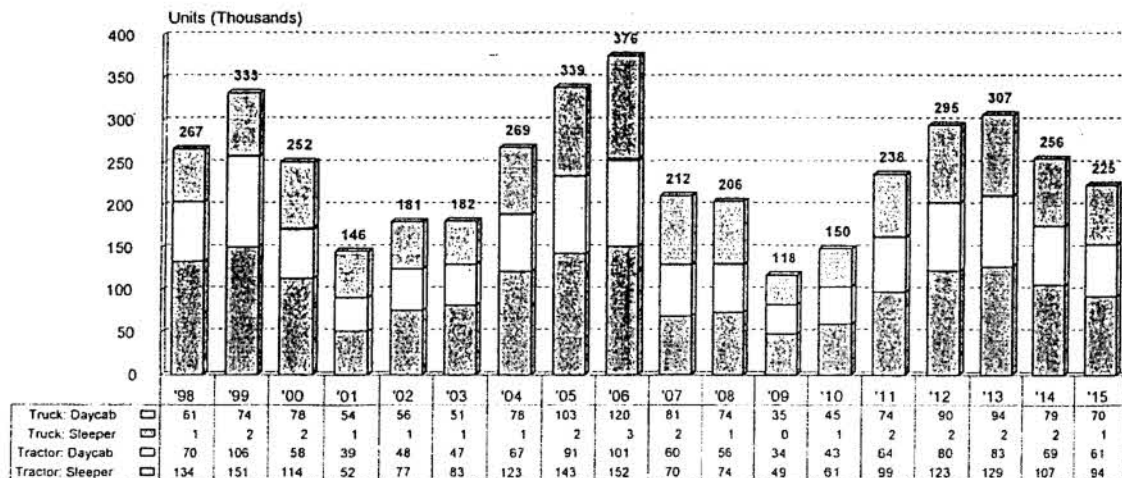
Other factors that have increased demand for pre-owned Class 8 Trucks are that certain fleets and owners want to avoid buying new Class 8 Trucks, those trucks whose engines have been modified to meet the stricter emissions regulations. As a result, pre-owned Class 8 Trucks are increasing in value as regulatory challenges such as stricter diesel emission laws (2007) make newer trucks more expensive and costlier to operate

### CLASS 8 TRUCK SUPPLY

#### Supply of New Class 8 Trucks

New Class 8 Truck production is cyclical due to over/under production of trucks and demand. The following chart shows historical and projected Class 8 Truck production since 1998 through 2015. The cyclical nature of Class 8 Truck production is evident and largely dependent on numerous economic factors. Production in many ways mirrors the economy as manufacturers produce more trucks as the economy, market, and regulations dictate. This is evident with a double hit over the next few years in that the economy is improving and there is a final EPA spec engine that has been delivered and trucking companies will be using that engine as their fleets' age.

**N.A. Class 8 Production  
1998-2015**



ACT Research Co., LLC Copyright 2010

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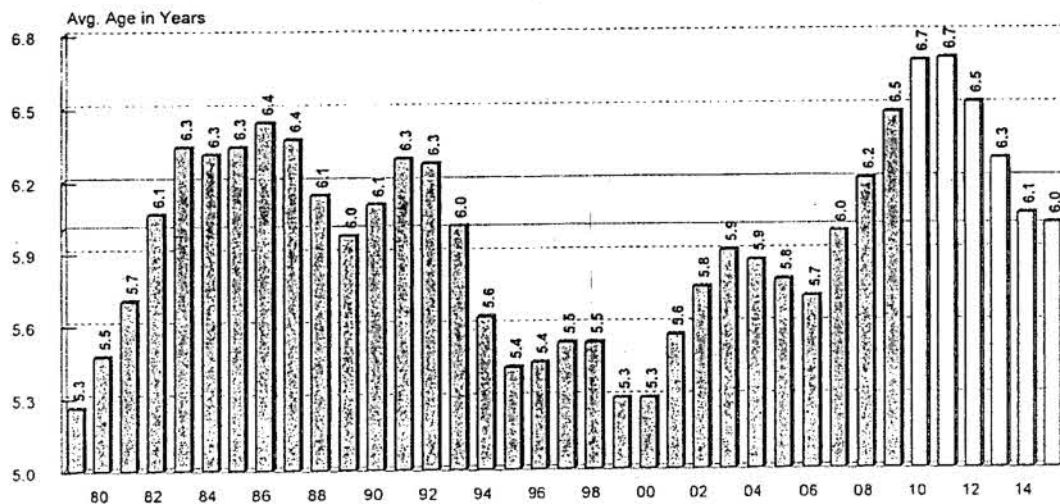
The following charts are from ACT Research's June 2010 Commercial Vehicle Outlook. The below chart shows the retail sales and production actual and forecast for 2009 through 2011.

<b>NORTH AMERICAN CLASS 8 TRUCK SALES AND PRODUCTION OUTLOOK:</b>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>CLASS 8 RETAIL SALES</b>			
TOTAL CLASS 8	126,909	149,157	235,400
Y/Y % Change	-38.8	17.5	57.8
<b>CLASS 8 PRODUCTION</b>			
TOTAL CLASS 8	118,396	149,601	238,006
Y/Y % Change	-42.4	26.4	59.1

### Supply of Pre-Owned Class 8

The supply of pre-owned Class 8 Trucks is directly tied to new truck production and sales. Production is a function of shipping demand and is dependent on the state of the national and regional economies. The total supply of pre-owned Class 8 Trucks can be derived from the summation of all new Class 8 Trucks built in the past decade less the number of Class 8 Trucks which are exported, involved in accidents (beyond repair), scrapped for metal. Approximately 12% of Class 8 Trucks are lost each year due to traffic accidents and to trucks that are scrapped, with another 3% to 4% exported. Therefore, the supply of Class 8 Trucks decreases by approximately 15% to 16% per annum. Based on historical data and trends, the useful life of a Class 8 Truck is approximately 11 years to 12 years after which the truck is used as scrap or spare parts (some Class 8 Trucks over 12 years are still in use today).

### AVERAGE AGE: U.S. Class 8 Active Population 1979 - 2015



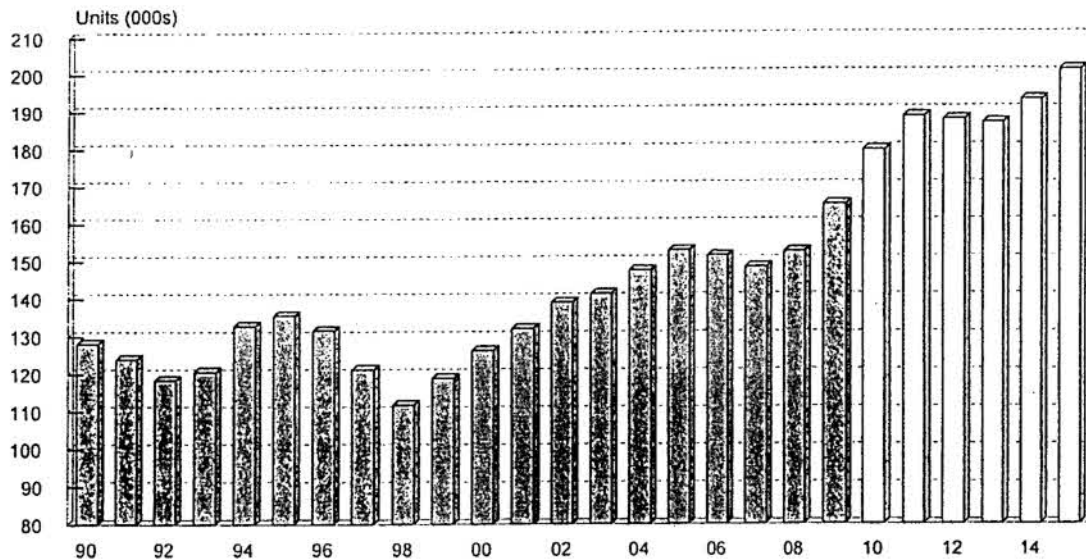
ACT Research Co., LLC. Copyright 2010

ACC011564  
BERSCH

Average truck age has been increasing over the past few years as the recession dampened demand, however, it is expected to decrease to a more normalized level as new trucks enter the population. Concordia's target age for a truck to finance is 3 to 6 years of age. This allows us to stay comfortably within the average age of a truck and get the widest sample of pricing.

## U.S. CI. 8 ACTIVE STOCK SCRAPPAGE

1990 - 2015



ACT Research Co., LLC: Copyright 2010

Here we see a steady increase in the disposal of used trucks. Much of this comes from planned obsolescence and the Regulatory actions of California. (California comprises 10% of the industry).

### STRENGTHS

#### 1) Long Established Player in the Pre-Owned Financing Industry

Concordia has been in the used Big Rig financing industry for 16 years. In that time it has gone through many economic cycles. The ability to do this has generated the recognition of stability and adaptability. This is seen in both our dealer and investor base.

Dealers put greater trust in Concordia being there consistently in both funding and product. This allows us to maintain deal flow in all economic environments. This ability is also carried by word of mouth to dealers unknown to Concordia thus generating yet more deal flow.

#### 2) Experienced Management Team

The leadership team at Concordia has over 75 years collectively of financing experience. Mr. Crowder's tenure with the company has been for 11 years. He has overseen two recessions and one

economic boom. His defensive strategies have allowed Concordia to survive where other competitors have not. (Please see professional qualifications of executive team for additional information.)

### **3) Well Established Dealer Network and Deal Sourcing Channels**

Concordia has always maintained strong communication with its dealer base. When the company began to service the O.E.M. dealers it recognized a difference in their needs. With the company being small, it was able to adapt quickly. This led to demand from the O.E.M. dealers for our product. It was recognized in 2003 that Concordia could branch out nationally solely through word of mouth exposure. Freightliner led Concordia into new markets. That alliance coupled with name recognition, generated further expansion to 25 states.

### **4) Experienced Servicing Operations**

With such a varied customer base it is vital to have and maintain a strong servicing department. Our collections managers have over 25 years of industry experience.

Concordia took the approach that its customers are more than just a source of payment. We have our managers and staff watch for and evaluate and adapt to the changes within the trucking industry. This allows them to communicate on a more personable level with the customer resulting in lower delinquency rates than similar industries.

### **5) Experienced and Adaptable Underwriting Standards**

Every industry was caught off guard with the current economic downturn. Concordia was no different. It had to adapt. The primary defense for the company and investors is the underwriting. As the scope of what was happening became clearer, changes to our underwriting process quickly went into place. These changes have produced a portfolio with stellar performance.

## **RISKS**

### **1) Potential Macroeconomic Risks**

As with every investment there are risks involved. In recent years Concordia has seen three major factors hit simultaneously. It is inevitable that the trucking industry is tied to the Economy. Virtually everything that is in this country has spent some time moving on a truck. Simple logic dictates that in a thriving Economy the industry booms the converse is also true.

### **2) Potential Escalating Fuel Costs**

In addition to the slowing Economy we were also hit with extraordinarily high fuel pricing. The fuel costs quickly outpaced haul pricing. This led to many drivers seeing only a break even on a haul at best.

### **3) Increased Competition between Owner Operators**

The competition between Owner Operators in a tightening Economy becomes fierce. This leads to a pricing war that is a losing situation for all involved. Not only does the driver's income suffer, but the industry as a whole becomes falsely undervalued.



This perfect storm hit the industry as well as the rest of the nation. The trucking industry feels effects 6 to 9 months before the rest of the country. This combination led to a large shake out of companies and Owner Operators as well. In recognizing the slide Concordia was able to make adjustments that are showing strong improvements for the current and future projections of portfolio performance. There is also a slow recovery developing in the economy. Demand is up for drivers. Projections show that sales are expected to increase steadily over the next three years. They will then begin to decrease slightly, returning to normal levels.

#### 4) Consolidation in its Market Niche

Due to its size, Concordia is at risk of larger companies coming in and buying up the market. This was seen when American General, a division of AIG, and Equilease decided to buy our level of paper. In the end, their portfolios saw the same or worse results than ours did and neither of them is operating in Concordia's space.

#### 5) Changes in Regulation

In one example, Concordia has been hit with Financial Regulation issues. The state of Pennsylvania changed the laws regarding maximum interest rate. As a result Concordia had to cease doing business in that state

Perhaps the most difficult challenge can be seen in California. New emission regulations are causing used trucks to become obsolete on a graded aging scale. The issue with California is that there are 3 separate scales and 3 separate governing rules for each. The President has asked for a consideration to change regulation across the country for trucks and cited California's program as a good example. If this does happen, Concordia will be one of the few companies who will understand the Underwriting practices that are needed to navigate the system.

### CONTRACT LOSS HISTORY

Contract losses occur when a Borrower defaults on a contract and Concordia is unable to recover the principal, interest, and certain fees of the contract upon the sale of the truck following repossession. In general, the highest percentage of loss occurs in the first twelve months after a truck is funded. Over the past two years Concordia has implemented operational initiatives, which significantly reduced both Default and Delinquency rates. In latter part of 2008, the company modified its underwriting process. As a result, the net-loan loss rates by year financed declined substantially, from approximately 21.4% for 2008 to 7.5% for 2009.

#### Annual Contract Loss Rates

Year Funded	Gross Loan Loss Rate	Net Loan Loss Rate
2008	39.3%	21.4%
2009	14.0%	7.5%

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BERSCH

**CONCORDIA FUNDING I, LLC**  
**FINANCIAL PROJECTIONS**

The following projections assume that Concordia Funding I, LLC will issue \$5 million principal amount of Secured Notes.

<b>Financial Summary</b>					
<b>\$5 Million Funding</b>					
<b>Year end 12/31</b>					
	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>Revenue</b>	\$1,036,994	\$1,775,497	\$1,123,124	\$313,741	\$27,474
<b>Expenses</b>					
Senior Note Interest	375,000	450,000	320,625	61,875	0
Offering Fee/Sales Commission	350,000	25,000	25,000	25,000	25,000
Origination Fee	90,000	40,500	0	0	0
Servicing Fee	192,411	326,156	230,833	77,794	14,955
Custodial Fee	20,833	25,000	16,354	2,813	0
Repo/Recovery Expenses	16,725	42,488	53,208	24,968	4,517
Audit/Legal Expenses	60,000	60,000	60,000	60,000	60,000
Bad Debt Expense	273,682	179,871	113,351	60,213	11,507
<b>Net Income Before Distribution</b>	(341,657)	626,484	424,028	24,813	(91,226)
<b>Total Assets Before Distribution</b>	4,658,343	5,284,826	5,708,855	5,733,668	5,642,441
<b>Total Equity Before Distribution</b>	(341,657)	284,826	708,855	733,688	642,441
<b>Net Purchased Contracts Pledged</b>	4,828,893	5,202,867	2,018,642	339,678	0
<b>Gross Loan Loss Rate</b>	16%	16%	16%	16%	16%
<b>Net Loan Loss Rate</b>	8%	8%	8%	8%	8%

**EXECUTIVE MANAGEMENT TEAM**

Concordia Finance Co. Ltd. will be the manager of Concordia Funding I, LLC. Concordia's role will be to originate, underwrite and service the Contract portfolio including but not limited to issuing bills, collecting payments, delinquency follow-up and repossession and monetization of truck inventory.

**Chris Crowder – President / COO and Credit Committee Member**

Mr. Crowder has been Chief Operating Officer of Concordia since 2001 and President since 2006. Prior to joining Concordia in September 1999, Chris has held various Quality and Assurance Manager and Lead positions in the interactive video game industry, including Expert Software (1999), Disney Interactive (1996) and Activision (1995). Mr. Crowder holds a B.S. in Business Management from the University of Phoenix (2005).

---

**Robert Tam - Inventory Manager / Business Development and Credit Committee Member**

Mr. Tam has been actively involved in various areas of credit and consumer finance, asset-backed securitizations, structured financings, financial guarantees and consulting for over twenty years. He has been a consultant to Concordia for the past 7 years. He also currently serves as a Managing Director of Arque Advisors, LLC and was previously a Managing Member of Equicare Capital, LLC, a purchaser and servicer of distressed medical receivables. Prior to that, he was Vice President at Financial Security Assurance and a Management Consultant at Kenneth Leventhal & Co. Mr. Tam holds a M.B.A. in Finance and Real Estate from USC's Marshall School of Business (1988) and a B.S. from UC San Diego in Applied Mechanics and Engineering Sciences (1984).

**Armen Dekmejian – Chief Financial Officer and Credit Committee Member**

Mr. Dekmejian is co-founder and managing director of Pacific Financial Advisors, LLC, a corporate finance advisory firm. Mr. Dekmejian has been actively involved in numerous financing transactions focusing on early-stage, small cap and middle market companies for over twenty years. Prior to PFA, Mr. Dekmejian was Senior Vice President at FamCo, an investment management company specializing in private and public high yield bonds, stock and distressed/non-rated investments. Prior to FamCo, Mr. Dekmejian was Vice President at Jefferies & Company, where he was involved in public/private debt and equity financings and recapitalizations; and an Associate at Apollo Advisors, LLP, where he managed \$1.2 billion of public and private high yield bonds and distressed bond investments. Mr. Dekmejian holds a M.B.A. in Finance and Accounting from USC's Marshall School of Business (1988) and a B.A. in Political Science and a Certificate of Specialization in Middle East Studies from the State University of New York at Binghamton's Harpur College (1983).

**Kevin Lam – Underwriting Manager and Credit Committee Chairman**

Mr. Lam is co-founder and managing director of Pacific Financial Advisors, LLC, a corporate finance advisory firm. Mr. Lam has been actively involved in various areas of corporate financing, capital raising and private equity for over twenty years. Mr. Lam's wide-ranging expertise in financings consists of secured, mezzanine and private equity financings for both small and middle-market companies. Prior to PFA, Mr. Lam has taken active roles, both as officer and director, in many companies he has been affiliated with, both in North America and in the Asia Pacific Regions. Previously, he was Senior Vice President at JAFCO, a where he was responsible for supervising over 50 private equity funded companies (\$250 million of invested capital). Prior to that, Mr. Lam was Vice President at Citicorp N.A., where he was involved in over 40 transactions, totaling approx. \$10 billion of syndicated senior and mezzanine debt financings for mergers and acquisitions, leverage buyouts and restructuring transactions. Mr. Lam holds a M.B.A. in Finance and Accounting from USC's Marshall School of Business (1988) and a B.S. in Biochemistry from the UCLA (1985).

**ACC011569**  
BERSCH



**From:** "Kirkman, Kim" <kkirkman@kclife.com>  
**To:** "Bryan S. Mick" <Bryan@mickandassociates.com>  
**Date:** 2010-05-17 15:49:15  
**Subject:** RE: Concordia Fund

Whoa, boy Randy Albers put all kinds of ideas in his head. SFS is not doing this.  
I haven't talked to Chris and won't have time till next week.

**From:** Bryan S. Mick [mailto:Bryan@mickandassociates.com]  
**Sent:** Monday, May 17, 2010 3:23 PM  
**To:** Chris Crowder  
**Cc:** Armen J. Dekmejian; Kevin Lam  
**Subject:** RE: Concordia Fund

Mr. Crowder, Armen, Kevin and I had a lengthy conversation about your business last Friday. I look forward to receiving the information we discussed then can propose an engagement to get the review done for Sunset.  
Thanks, Bryan

Bryan S. Mick, Esq.  
MICK & ASSOCIATES, P.C., LLO  
11422 Miracle Hills Drive, Suite 401  
Omaha, Nebraska 68154

Direct  
Main  
Cell  
Fax

[bryan@mickandassociates.com](mailto:bryan@mickandassociates.com) Email  
[mickandassociates.com](http://mickandassociates.com) Website

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**From:** Chris Crowder [mailto:chris@concordiafinance.com]  
**Sent:** Thursday, May 13, 2010 4:25 PM  
**To:** Bryan S. Mick  
**Cc:** 'Armen J. Dekmejian'; 'Kevin Lam'  
**Subject:** Concordia Fund

**ACC011570**  
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Hi Bryan,

My name is Christopher Crowder. I'm the president of Concordia Finance. We have worked with Randy Albers and to a smaller degree with Kim Kirkman for the past ten years. We specialize in Big Rig financing. After talking with Randy about options in today's market, he suggested that we contact you in order to present a viable fund for Sunset Financial Service's consideration. Please feel free to contact myself or my business development team.

Christopher Crowder  
[REDACTED]

Armen Dekmadjian: Acting CFO  
[REDACTED]

Kevin Lam  
[REDACTED]

**ACC011571**  
BERSCH

**From:** "Kirkman, Kim" <kkirkman@kclife.com>  
**To:** bevans@pac-point.com  
**Date:** 2010-08-12 20:32:20  
**Subject:** Re: Concordia Funding I - Term Sheet & Info Memo

Two reps but I can't take to the market.

----- Original Message -----

**From:** Evans, Brett [mailto:bevans@pac-point.com]  
**Sent:** Thursday, August 12, 2010 08:12 PM  
**To:** Kirkman, Kim  
**Subject:** RE: Concordia Funding I - Term Sheet & Info Memo

Thanks for the referral Kim. Are you interested?

Brett Evans

President

Pacific Point Securities, LLC

██████████ Office

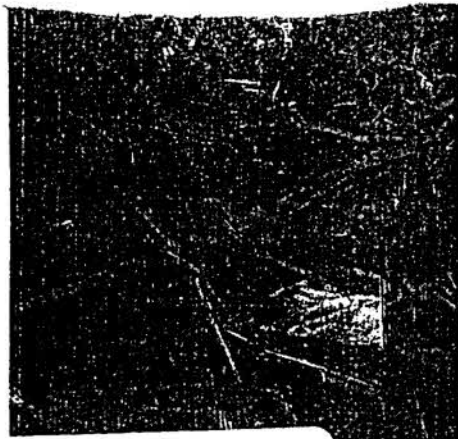
██████████ Cell

Member FINRA/SIPC

-----Original Message-----

**From:** Kirkman, Kim [mailto:kkirkman@kclife.com]

**ACC011572**  
BERSCH



Name: STEPHEN WOMACK

1 of 1

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Sender:

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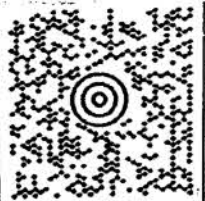
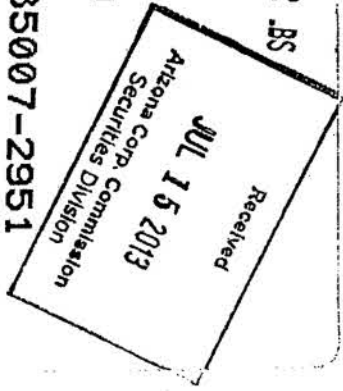


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BEFORE THE ARIZONA CORPORATION COMMISSION

2016 DEC -2 P 3:01

COMMISSIONERS

DOUG LITTLE - Chairman  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN

In the matter of:

CONCORDIA FINANCING COMPANY,  
LTD, a/k/a "CONCORDIA FINANCE,"

ER FINANCIAL & ADVISORY  
SERVICES, L.L.C.,

LANCE MICHAEL BERSCH, and

DAVID JOHN WANZEK and LINDA  
WANZEK, husband and wife,

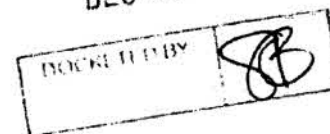
Respondents.

DOCKET NO. S-20906A-14-0063

STIPULATION FOR ADMISSION OF  
CERTAIN SECURITIES DIVISION  
EXHIBITS

Arizona Corporation Commission  
DOCKETED

DEC 02 2016



The Securities Division ("Division") and Respondents Concordia Financing Company, Ltd. ("Concordia"), ER Financial & Advisory Services, L.L.C. ("ER Financial"), Lance Michael Bersch ("Mr. Bersch"), and David John Wanzek and Linda Wanzek ("Mr. and Mrs. Wanzek") respectfully submit this stipulation for the admission of the Division's exhibits which have the titles of "Sale of Contracts", "Custodial Agreement", "First Amendment to Sale of Contracts" and "Second Amendment to Sale of Contracts" as described below. Please note that the exhibit numbers with no description are not covered by the stipulation.



Specifically, these exhibits include the following:

Exhibit No.	Description
S-1	
S-2	Investment documents for the Suellen LeMay Living Trust 1/20/2000: a) Sale of Contracts dated 4/30/2002 b) Custodial Agreement dated 4/30/2002 c) First Amendment to Sale of Contracts (unsigned) d) Second Amendment to Sale of Contracts
S-3	Investment documents for Suellen LeMay Living Trust 1/20/2000: a) Sale of Contracts dated 4/30/2002 b) Custodial Agreement dated 4/30/2002 c) Second Amendment to Sale of Contracts effective 12/1/2011
S-4	Investment documents for Verne and Andrea Singleton: a) Sale of Contracts (undated) b) Custodial Agreement (undated) c) Second Amendment to Sale of Contracts effective 12/1/2011 d) Sale of Contracts dated 10/24/2005 e) Custodial Agreement dated 10/24/2005
S-5	Investment documents for Verne & Andrea Singleton: a) Sale of Contracts dated 10/24/2005 b) Custodial Agreement dated 10/24/2005 c) Second Amendment to Sale of Contracts effective 12/1/2011
S-6	Investment documents for Singleton Revocable Trust 2/13/86: a) Sale of Contracts dated 5/7/2002 b) Custodial Agreement dated 5/7/2002 c) Second Amendment to Sale of Contracts effective 12/1/2011
S-7	Investment documents for Singleton Revocable Trust 2/13/86: a) Sale of Contracts dated 5/7/2002 b) Custodial Agreement dated 5/7/2002 c) Second Amendment to Sale of Contracts effective 12/1/2011 d) Second Amendment to Sale of Contracts executed on 11/1/2007 for Walter Singleton Decedent Trust
S-8	Investment documents for Paul Singleton: a) Sale of Contracts dated 10/10/2005 b) Custodial Agreement dated 10/10/2005 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-9	Investment documents for Landon B. Phillips Living Trust dated 6/11/91: a) Sale of Contracts dated 8/5/1999 b) Custodial Agreement dated 8/5/1999 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011

Exhibit No.	Description
S-10	Investment documents for Landon B. Phillips Living Trust dated 6/11/91: a) Sale of Contracts dated 8/5/1999 b) Custodial Agreement dated 8/5/1999 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-11	Investment documents for Wesley Luhr: a) Sale of Contracts dated 5/11/2004 b) Custodial Agreement dated 5/11/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-12	Investment documents for Wesley Luhr: a) Sale of Contracts dated 5/11/2004 b) Custodial Agreement dated 5/11/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-13	Investment documents for William W. Pike and Jean A. Pike Trust: a) Sale of Contracts dated 5/11/2004 b) Custodial Agreement dated 5/11/2004 c) First Amendment to Sale of Contracts previously executed on 3/1/2004 d) First Amendment to Sale of Contracts previously executed on 3/1/2004 for the William W. Pike Living Trust dated July 26, 2010 e) Second Amendment to Sale of Contracts previously executed on 3/1/2004 for William W. and Jean A. Pike
S-14	Investment documents for William W. Pike and Jean A. Pike Trust: a) Sale of Contracts dated 5/11/2004 b) Custodial Agreement dated 5/11/2004 c) First Amendment to Sale of Contracts previously executed on 3/1/2004 for the William W. Pike Living Trust dated July 26, 2010 d) First Amendment to Sale of Contracts previously executed on 3/1/2004 for the William W. Pike Living Trust dated July 26, 2010 e) Second Amendment to Sale of Contracts previously executed on 3/1/2004 for William W. and Jean A. Pike
S-15	Investment documents for Linda Tarrant: a) Sale of Contracts dated 7/8/2004 b) Custodial Agreement dated 7/8/2004 c) First Amendment to Sale of Contracts effective 2/1/2009
S-16	Investment documents for Linda Tarrant: a) Sale of Contracts dated 7/8/2004 b) Custodial Agreement dated 7/8/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-17	Investment documents for Stephen P. Dennison: a) Sale of Contracts dated 3/30/2000 b) Custodial Agreement dated 3/30/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011



Exhibit No.	Description
S-18	Investment documents for Theresa Patricola and Steven Patricola: a) Sale of Contracts dated 4/1/2008 b) Custodial Agreement dated 4/1/2008 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-19	Investment documents for Theresa Patricola and Steven Patricola: a) Sale of Contracts dated 4/1/2008 b) Custodial Agreement dated 4/1/2008 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-20	Investment documents for Samuel Nichols and Lea Rae Nichols: a) First Amendment to Sale of Contracts executed on 1/23/2004 b) Second Amendment to Sale of Contracts executed on 1/23/2004 c) Signature page of Custodial Agreement signed Lea Rea Nichols Trustee
S-21	Investment documents for Nichols Family Trust dated 12/15/2000: a) Sale of Contracts dated 1/23/2004 b) Custodial Agreement dated 1/23/2004 c) First Amendment to Sale of Contracts previously executed on 1/23/2004 d) Second Amendment to Sale of Contracts previously executed on 1/23/2004 by Samuel Nichols and Lea Rae Nichols, trustees
S-22	Investment documents for McCullough Family Trust dated 5/13/1988: a) Sale of Contracts dated 8/28/2002 b) Custodial Agreement dated 8/28/2002
S-23	Investment documents for McCullough Family Trust dated 5/13/1988: a) Sale of Contracts dated 8/28/2002 b) Custodial Agreement dated 8/28/2002
S-24	Investment documents for Donald T. and Kathy S. Hodel: a) Sale of Contracts dated 10/6/1999 b) Custodial Agreement dated 10/6/1999 c) Sale of Contracts dated 10/19/2001 d) Custodial Agreement dated 10/19/2001 e) First Amendment to Sale of Contracts executed on 10/19/2001 f) Second Amendment to Sale of Contracts executed on 10/19/2001 g) Sale of Contracts dated 2/13/2004 h) Sale of Contracts dated 1/10/2005 i) Custodial Agreement dated 1/10/2005 j) First Amendment to Sale of Contracts executed on 1/10/2005 k) Second Amendment to Sale of Contracts executed on 1/10/2005
S-25	Investment documents for Donald T. and Kathy S. Hodel: a) Sale of Contracts dated 10/6/1999 b) Custodial Agreement dated 10/6/1999 c) Sale of Contracts dated 10/19/2001 d) Custodial Agreement dated 10/19/2001 e) First Amendment to Sale of Contracts executed on 10/19/2001 f) Second Amendment to Sale of Contracts executed on 10/19/2001 g) Sale of Contracts dated 2/13/2004 h) Custodial Agreement dated 2/13/2004



Exhibit No.	Description
	i) Sale of Contracts dated 1/10/2005 j) Custodial Agreement dated 1/10/2005 k) First Amendment to Sale of Contracts executed on 1/10/2005 l) Second Amendment to Sale of Contracts executed on 1/10/2005
S-26	Investment documents for Lynn Caputo and Anthony J. Caputo: a) Sale of Contracts dated 11/10/2005 b) Custodial Agreement dated 11/10/2005 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts executed on 11/10/2005 e) Second Amendment to Sale of Contracts executed on 1/19/2007 f) Second Amendment to Sale of Contracts executed on 1/19/2007 g) Second Amendment to Sale of Contracts executed on 2/2/2007
S-27	Investment documents for James Gayle and Lynn Caputo (Lorraine H. Gayle Revocable Trust dated 3/18/04: a) Sale of Contracts dated 1/19/2007 b) Custodial Agreement dated 1/19/2007 c) First Amendment to Sale of Contracts executed on 1/19/2007 d) First Amendment to Sale of Contracts executed on 1/19/2007 e) First Amendment to Sale of Contracts executed on 1/19/2007
S-28	Investment documents for James S. and Harriet A. Gayle: a) Second Amendment to Sale of Contracts executed on 2/2/2007
S-29	Investment documents for Rick and Beverly Stephens (Stephens Family Trust dated 1/19/93): a) Sale of Contracts dated 9/17/2003 b) Custodial Agreement dated 9/17/2003 c) First Amendment to Sale of Contracts executed on 9/17/2003 d) Second Amendment to Sale of Contracts executed on 9/17/2003 e) First Amendment to Sale of Contracts executed on 9/17/2003 f) Second Amendment to Sale of Contracts executed on 9/17/2003
S-30	Investment documents for William H and Barbara A. Shufflebotham Revocable Trust dated 1/27/98: a) Sale of Contracts dated 7/18/2008 b) Custodial Agreement dated 7/18/2008 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Signature page to Second Amendment to Sale of Contracts
S-31	
S-32	Investment documents for Wilmont E. Wagner & Elaine Wagner Living Trust dated 12/7/1989: a) Sale of Contracts dated 4/15/2008 b) Custodial Agreement dated 4/15/2008 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-33	Investment documents for Wilmont E. Wagner & Elaine Wagner Living Trust dated 12/7/1989: a) Sale of Contracts dated 4/15/2008 b) Custodial Agreement dated 4/15/2008 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-34	Investment documents for the CJE Living Trust dated 10/1/2007, (Carol Edmonds): a) Sale of Contracts dated 5/30/2008 b) Custodial Agreement dated 5/30/2008 c) First Amendment to Sale of Contracts effective 2/1/2009

Exhibit No.	Description
	d) Second Amendment to Sale of Contracts effective 12/1/2011
S-35	Investment documents for the Robert F. Edmonds: a) Sale of Contracts dated 12/15/2004 b) Custodial Agreement dated 12/15/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-36	Investment documents for Peter and Debra Foti: a) Sale of Contracts dated 6/30/2008 b) Custodial Agreement dated 6/30/2008 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-37	Investment documents for Frank J. Foti: a) First Amendment to Sale of Contracts executed on 4/1/2005 b) Second Amendment to Sale of Contracts executed on 4/1/2005
S-38	Investment documents for Frank Foti: a) Sale of Contracts dated 6/30/2008 b) Custodial Agreement dated 6/30/2008 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-39	Investment documents for Yvonne Foti: a) Sale of Contracts dated 8/30/2006 b) Custodial Agreement dated 8/30/2006 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-40	Investment documents for Bric Retirement Trust 26-0533505 (Archana Aliyar): a) Sale of Contracts dated 6/15/2008 b) Custodial Agreement dated 6/15/2008 c) First Amendment to Sale of Contracts effective 2/1/2009
S-41	Investment documents for John P. & Maricele Putnam: a) Sale of Contracts dated 4/1/2000 b) Custodial Agreement dated 4/1/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-42	Investment documents for John P. & Maricele M. Putnam: a) Sale of Contracts dated 4/9/2004 b) Custodial Agreement dated 4/9/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-43	Investment documents for Susan J. Collins: a) Sale of Contracts dated 4/20/2000 b) Custodial Agreement dated 4/20/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-44	Investment documents for Ronald and Gardes Collins: a) Sale of Contracts dated 5/15/2001 b) Custodial Agreement dated 5/15/2001 c) First Amendment to Sale of Contracts effective 2/1/2009

Exhibit No.	Description
	d) Second Amendment to Sale of Contracts for Gardes Collins effective 12/1/2011
S-45	Investment documents for William and Barbara Anderson Charitable Trust: a) Sale of Contracts dated 1/14/2003 b) Custodial Agreement dated 1/14/2003 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-46	Investment documents for William and Barbara Anderson: a) Sale of Contracts dated 6/22/2004 b) Custodial Agreement dated 6/22/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-47	Investment documents for Nancy Lynn Anderson Family Trust Dated 9/8/1999: a) Sale of Contracts dated 6/7/2002 b) Custodial Agreement dated 6/17/2002 c) Second Amendment to Sale of Contracts effective 12/1/2011
S-48	Investment documents for the Mendenhall Family Trust Dated 3/21/2000: a) Sale of Contracts dated 3/14/2003 b) Custodial Agreement dated 3/14/2003 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-49	Investment documents for the Mendenhall Family Trust Dated 3/21/2000: a) Sale of Contracts dated 7/15/2004 b) Custodial Agreement dated 7/15/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-50	Investment documents for Gene and Linda Bronsart: a) Sale of Contracts dated 9/1/2004 b) Custodial Agreement dated 9/1/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-51	Investment documents for Bert D. Beaman: a) Sale of Contracts dated 2/24/2004 b) Custodial Agreement dated 2/24/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-52	Investment documents for the Donald J. Mills Trust and Ruth B Mills Trust dated 8/1/80: a) Sale of Contracts dated 2/9/2004 b) Custodial Agreement dated 2/9/2004
S-53	Investment documents for the Newberry Trust: a) First Amendment to Sale of Contracts executed on 2/9/2004 b) Second Amendment to Sale of Contracts executed on 2/9/2004
S-54	Investment documents for Darrell and Kathy Martin: a) Sale of Contracts dated 2/17/2004 b) Custodial Agreement dated 2/17/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-55	Investment documents for Lester Galst and Jo Black: a) Undated Sale of Contracts for \$50,000 with hand written note to add to the 12% contract

Exhibit No.	Description
	b) Sale of Contracts for \$100,000 dated 2/5/2001 c) Custodial Agreement dated 2/5/2001 d) First Amendment to Sale of Contracts effective 2/1/2009 e) Second Amendment to Sale of Contracts effective 12/1/2011
S-56	Investment documents for Lester Galst and Jo Black: a) Sale of Contracts for \$100,000 dated 2/20/2004 b) Custodial Agreement dated 2/20/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-57	Investment documents for David Roth and Jan Marie Adams Trust: a) Sale of Contracts dated 3/6/2004 b) Custodial Agreement dated 3/6/2004 c) First Amendment executed by David Roth only to 3/6/04 Sale of Contracts d) Second Amendment to Sale of Contracts executed by David Roth e) First Amendment to 3/6/2004 Sale of Contracts for Jan Marie Adams
S-58	Investment documents for the Marriott Family: a) Sale of Contracts for \$100,000 signed by Jilma Marriott on 3/22/2004 b) Custodial Agreement signed by Jilma Marriott on 3/22/2004 c) First Amendment to 3/22/2004 Sale of Contracts signed by Jilma Marriott d) First Amendment to 3/22/2004 Sale of Contracts signed by Carmen Marriott e) Second Amendment to 3/22/2004 Sale of Contracts with Jilma Marriott signed by Carmen Marriott, trustee on behalf of Jilma Marriott f) Second Amendment to 3/22/2004 Sale of Contracts with Carmen Marriott
S-59	Investment documents for Lindy Eppinger: a) First Amendment to 3/22/2004 Sale of Contracts effective 2/1/2009
S-60	Investment documents for Donald and Anita Herman: a) Sale of Contracts dated 3/1/2004 b) Custodial Agreement dated 3/1/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-61	Investment documents for Donna Culwell: a) Sale of Contracts dated 3/15/2004 b) Custodial Agreement dated 3/15/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-62	Investment documents for John and Darlene Lorscheider: a) Sale of Contracts dated 4/12/2004 b) Custodial Agreement dated 4/12/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-63	Investment documents for Jack S. and Laura M. Lawton Family Trust 1/26/96: a) Sale of Contracts dated 4/16/2004 b) Custodial Agreement dated 4/15/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011

Exhibit No.	Description
S-64	Investment documents for Mary Ann Lewis Revocable Trust 3/26/2003 and the Weiss Family Living Trust dated Jan 1993: a) Sale of Contracts dated 4/7/2004 b) Custodial Agreement dated 4/7/2004
S-65	Investment documents for Mary Ann Lewis: a) Sale of Contracts dated 1/1/2005 b) Custodial Agreement dated 1/1/2005 c) First Amendment to the 1/1/2004 Sale of Contracts effective 2/1/2009 d) Second Amendment to 1/1/2004 Sale of Contracts effective 12/1/2011
S-66	Investment documents for Gene Weiss: a) Sale of Contracts dated 1/1/2005 b) Custodial Agreement dated 1/1/2005
S-67	Investment documents for the Weiss Family Living Trust 1/21/1993 (Patricia Weiss): a) Sale of Contracts dated 5/10/2006 b) Custodial Agreement dated 5/10/2006 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-68	Investment documents for David or Maridee Ridgeway: a) Sale of Contracts dated 6/12/2002 b) Custodial Agreement dated 6/12/2002 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-69	Investment documents for David or Maridee Ridgeway: a) Sale of Contracts dated 7/6/2003 b) Custodial Agreement dated 7/6/2003 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-70	Investment documents for David or Maridee Ridgeway: a) Sale of Contracts dated 4/1/2005 b) First Amendment to Sale of Contracts effective 2/1/2009 c) Second Amendment to Sale of Contracts effective 12/1/2011
S-71	Investment documents for Fred and Dori Grover: a) Sale of Contracts dated 8/13/2003 b) Custodial Agreement dated 8/13/2003 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-72	Investment documents for Wanzek Family Trust (Dorothy Wanzek): a) Sale of Contracts dated 4/1/1999 b) First Amendment to Sale of Contracts executed on 2/22/2000 c) Second Amendment to Sale of Contracts executed on 2/22/2000 d) Sale of Contracts dated 2/22/2000 e) Custodial Agreement dated 2/22/2000
S-73	Investment documents for Dorothy Wanzek: a) First Amendment to Sale of Contracts executed on 8/1/2003 b) Second Amendment to Sale of Contracts executed on 2/22/2000
S-74	Investment documents for Vincent Wanzek (Dorothy Wanzek): a) Sale of Contracts dated 8/1/2003 b) Custodial Agreement dated 8/1/2003



Exhibit No.	Description
S-75	Investment documents for Michael Bersch as trustee for the Jacob and Olga Schuringa Charitable Remainder Trust dated 5/27/97: a) Sale of Contracts dated 12/6/1999 b) Custodial Agreement dated 12/6/1999 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-76	Investment documents for Campbell Family Trust (Robert and Norma Campbell): a) Sale of Contracts dated 9/10/2003 b) Custodial Agreement dated 9/10/2003 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-77	Investment documents Susan L. Ryen a) Sale of Contracts dated 6/13/2002 for \$50,000 b) Custodial Agreement dated 6/13/2002
S-78	Investment documents for Herbert or Susan Ryen a) Sale of Contracts dated 10/23/2003 for \$130,000 b) Custodial Agreement dated 10/23/2003
S-79	Investment documents for the Ryen Family Trust FBO Herbert D. Ryen or Susan L. Ryen: a) Sale of Contracts dated 3/16/2006 for \$130,000 b) Custodial Agreement dated 3/16/2006 c) Second Amendment to Sale of Contracts effective 12/1/2011 (0896)
S-80	Investment documents for the Ryen Family Trust FBO Herbert D. Ryen or Susan L. Ryen: a) Sale of Contracts dated 3/16/2006 for \$265,000 b) Custodial Agreement dated 3/16/2006 c) Sale of Contracts dated 3/16/2006 for \$241,883.56 d) Custodial Agreement dated 3/16/2006 e) Signature page for First Amendment to Sale of Contracts (0859) f) Signature page for First Amendment to Sale of Contracts (0890) g) Second Amendment to Sale of Contracts executed on 6/1/2002 (0859) h) Second Amendment to Sale of Contracts executed on 8/1/2003 (0890)
S-81	Investment documents for William Roger Fosseen: a) Sale of Contracts dated 5/22/2002 b) Custodial Agreement dated 5/22/2002 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-82	Investment documents for Roger and Monika Fosseen: a) Sale of Contracts dated 10/20/2003 b) Custodial Agreement dated 10/20/2003 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-83	Investment documents for Judith Haiar (Rollover IRA): a) Sale of Contracts dated 12/17/2003 b) Custodial Agreement dated 12/17/2003 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-84	Investment documents for Abner and Shirley Schultz: a) Sale of Contracts dated 7/19/2002

Exhibit No.	Description
	b) Custodial Agreement dated 7/19/2002 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Signature page for Second Amendment to Sale of Contracts
S-85	Investment documents for Abner and Shirley Schultz: a) Sale of Contracts dated 7/19/2002 b) Custodial Agreement dated 7/19/2002 c) Signature page for First Amendment to Sale of Contracts d) Signature page for Second Amendment to Sale of Contracts
S-86	Investment documents for James and Carolyn Benson: a) Sale of Contracts dated 7/19/2002 b) Custodial Agreement dated 7/19/2002 c) Signature page for First Amendment to Sale of Contracts d) Signature page for Second Amendment to Sale of Contracts
S-87	Investment documents for John M. Santy: a) Sale of Contracts dated 8/20/2002 b) Custodial Agreement dated 8/20/2002 c) First Amendment to Sale of Contracts d) Second Amendment to Sale of Contracts
S-88	Investment documents for Sterling McCowan: a) Sale of Contracts dated 11/1/2002 b) Custodial Agreement dated 11/1/2002 c) Signature page for First Amendment to Sale of Contracts d) Second Amendment to Sale of Contracts executed on 3/1/2003
S-89	Investment documents for Maureen DeJulio: a) Sale of Contracts dated 11/18/2002 b) Custodial Agreement dated 11/18/2002 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-90	Investment documents for Keith Roberts and Laura Lange: a) Sale of Contracts dated 3/1/2003 b) Custodial Agreement dated 3/1/2003 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-91	Investment documents for the Nolden Family Trust Dated 3/23/2003, Frederic and Judith Nolden, Trustees: a) Sale of Contracts dated 3/26/2003 b) Custodial Agreement dated 3/26/2003 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-92	
S-93	Investment documents for the Joseph Trust: a) Sale of Contracts dated 5/29/2002 b) Custodial Agreement dated 5/29/2002 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-94	Investment documents (for Joanna Pellerita) for the benefit of Rosalie Desanto: a) Sale of Contracts dated 5/23/2002 b) Custodial Agreement dated 5/23/2001

Exhibit No.	Description
	c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-95	Investment documents for Gale Dom f/k/a Gale Barg: a) First Amendment to Sale of Contracts executed on 2/26/2002 (no signature page) b) Second Amendment to Sale of Contracts effective 12/1/2011
S-96	Investment documents for Robert Robinson or Sherry Robinson: a) Sale of Contracts dated 6/19/2002 b) Custodial Agreement dated 6/19/2002 c) First Amendment to Sale of Contracts executed on 6/19/2002 d) Second Amendment to Sale of Contracts executed on 6/19/2002 e) Amount page from Sale of Contracts with copies of checks for \$100,000 dated 6/19/2002 and \$79,000 dated 11/16/2004
S-97	Investment documents for Jack R Adams and Geraldine M Adams: a) Sale of Contracts dated 6/13/2002 b) Custodial Agreement dated 6/13/2002 c) First Amendment to Sale of Contracts signed by Jeff Adams on behalf of Jack Adams d) Second Amendment to Sale of Contracts signed by Jeff Adams on behalf of Jack Adams
S-98	Investment documents for Aldridge Family Trust Dated 9/20/2003: a) Sale of Contracts dated 4/5/2006 b) Custodial Agreement dated 4/5/2006 c) Second Amendment to Sale of Contracts effective 12/1/2011
S-99	Investment documents for Michael and Lisa Carr: a) Sale of Contracts dated 6/27/2006 b) First Amendment to Sale of Contracts effective 2/1/2009 c) Second Amendment to Sale of Contracts effective 12/1/2011
S-100	Investment documents for Gerald R Englert: a) Sale of Contracts dated 7/5/2006 b) Custodial Agreement dated 7/5/2006 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-101	Investment documents for Gregory and Lori Bachmann: a) Sale of Contracts dated 7/31/2006 b) Custodial Agreement dated 7/31/2006 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-102	Investment documents for Peggy Reynolds: a) Sale of Contracts dated 9/3/2006 for \$100,000 b) Pages form Sale of Contracts dated 9/3/2006 for \$200,000 c) Custodial Agreement dated 9/3/2006 d) First Amendment to Sale of Contracts effective 2/1/2009 e) Second Amendment to Sale of Contracts effective 12/1/2011
S-103	
S-104	Investment documents for Jack and Marjorie Guest Charitable Remainder Trust: a) Sale of Contracts dated 12/18/2000 b) Custodial Agreement dated 12/18/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011



Exhibit No.	Description
S-105	
S-106	
S-107	Investment documents for John Norton: a) Sale of Contracts dated 11/16/2005 b) Custodial Agreement dated 11/16/2005 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-108	Investment documents for Philip Hatch: a) Sale of Contracts dated 12/1/2005 b) Custodial Agreement dated 12/1/2005 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-109	Investment documents for Bryan N and Kandy L Peters: a) Sale of Contracts dated 12/5/2005 b) Custodial Agreement dated 12/5/2005 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-110	Investment documents for Ray L Piles and Lisa R Fuhrman Living Trust 9/1/2004: a) Sale of Contracts dated 11/25/2005 b) Custodial Agreement dated 11/25/2005 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-111	Investment documents for Hospice of Havasu Inc.: a) Sale of Contracts dated 12/1/2005 b) Custodial Agreement dated 12/1/2005 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-112	
S-113	Investment documents for Kristine B Farmer and Gregory W Farmer: a) Sale of Contracts dated 12/17/2006 b) Pages from Sale of Contracts dated 12/17/2006 c) Pages from Sale of Contracts dated 12/17/2006 d) Custodial Agreement dated 2/17/2006 e) First Amendment to Sale of Contracts effective 2/1/2009 f) First Amendment to Sale of Contracts effective 2/1/2009 g) First Amendment to Sale of Contracts effective 2/1/2009
S-114	Investment documents for Melvin L. Morgan Trust Dated 9/4/2002 : a) Sale of Contracts dated 2/1/2006 for \$90,000 b) Sale of Contracts dated 2/1/2006 for \$60,000 c) Void Sale of Contracts dated 4/26/2004 for \$75,000 d) Custodial Agreement dated 2/1/2006 e) Custodial Agreement dated 2/1/2006 f) Custodial Agreement dated 4/26/2004 g) Signature page to First Amendment to Sale of Contracts effective 2/1/2009 h) Signature page to First Amendment to Sale of Contracts effective 2/1/2009 i) Second Amendment to Sale of Contracts effective 12/1/2011

Exhibit No.	Description
	j) Second Amendment to Sale of Contracts effective 12/1/2011
S-115	Investment documents for Bonnie Ferris-Spence: a) Sale of Contracts dated 5/7/2005 b) Sale of Contracts dated 3/7/2001 c) Custodial Agreement dated 3/7/2001 d) Second Amendment to Sale of Contracts effective 12/1/2011 e) f) g) Custodial Agreement dated 3/7/2001
S-116	Investment documents for Gary V. Wanzek: a) Sale of Contracts dated 1/1/2000 b) Custodial Agreement dated 1/1/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-117	Investment documents for the Richard or JoAnn Weaver Charitable Trust: a) Sale of Contracts dated 8/4/2000 b) Custodial Agreement dated 8/4/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-118	Investment documents for Charles R Wilson: a) Sale of Contracts dated 2/9/2000 b) Custodial Agreement dated 2/9/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) First Amendment to Sale of Contracts effective 2/1/2009 e) Second Amendment to Sale of Contracts effective 12/1/2011
S-119	Investment documents for Robert T and Antoinette R Holmes, (trustors of the Holmes Family Trust dated 11/1/99): a) Sale of Contracts for Robert T and Antoinette R Holmes dated 4/23/1999 b) Custodial Agreement dated 4/23/1999 c) Sale of Contracts dated 3/1/2000 d) Custodial Agreement dated 3/1/2000 e) First Amendment to Sale of Contracts effective 2/1/2009 f) Second Amendment to Sale of Contracts effective 12/1/2011
S-120	Investment documents for Bruce Lichtenberg: a) Sale of Contracts dated 3/29/2000 b) Custodial Agreement dated 3/29/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-121	Investment documents for William J Neathery Family Living Trust 8/17/1993 (Kristoffer Bachmann): a) Sale of Contracts dated 8/1/2001 b) Custodial Agreement dated 8/1/2001 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-122	Investment documents for William Neathery and Margaret Bachman-Neathery (Ashley Bachmann-Neathery): a) Sale of Contracts dated 7/20/2001 b) Custodial Agreement dated 7/20/2001 c) First Amendment to Sale of Contracts effective 2/1/2009

Exhibit No.	Description
	d) Second Amendment to Sale of Contracts effective 12/1/2011
S-123	Investment documents for Joanna Pellerito: a) Sale of Contracts dated 1/4/2001 b) Custodial Agreement dated 1/4/2001
S-124	Investment documents for George Sicuranzo and Tina M Sicuranzo, trustees of the Sicuranzo Trust dated 7/16/1992: a) Sale of Contracts dated 3/15/2001 b) Custodial Agreement dated 3/15/2001 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-125	Investment documents for Neil & Joyce Rudofsky: a) Sale of Contracts dated 11/15/2001 b) Custodial Agreement dated 11/15/2001 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-126	Investment documents for Mark Pryor: a) Sale of Contracts dated 6/1/2001 b) Custodial Agreement dated 6/1/2001 c) Second Amendment to Sale of Contracts effective 12/1/2011
S-127	Investment documents for Charles Poole (Carla Poole): a) Sale of Contracts dated 11/14/2001 b) Custodial Agreement dated 11/14/2001 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-128	Investment documents for the Thompson Family Trust dated 7/2/1991, Mae L. Thompson: a) Sale of Contracts dated 4/9/2001 b) Custodial Agreement dated 4/9/2001 c) Signature page for First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-129	Investment documents for the Charno Revocable Trust, Peter Charno, Trustee: a) Sale of Contracts dated 12/26/2001 b) Custodial Agreement dated 12/26/2001 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-130	Investment documents for Hitendra Chauhan and Mandeep Powar: a) Sale of Contracts dated 11/7/2001 b) Custodial Agreement dated 11/7/2001 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-131	Investment documents for the Gleason Family Trust: a) Sale of Contracts dated 3/12/2002 b) Custodial Agreement dated 3/12/2002 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-132	Investment documents for Charles Buttke: a) Sale of Contracts dated 5/21/1999 b) Custodial Agreement dated 5/21/1999 c) First Amendment to Sale of Contracts effective 2/1/2009

Exhibit No.	Description
	d) Second Amendment to Sale of Contracts effective 12/1/2011
S-133	Investment documents for the Foutz Family Trust Dated 12/92: a) Sale of Contracts dated 10/1/2000 b) Custodial Agreement dated 10/1/2000 c) First Amendment to Sale of Contracts effective 2/1/2009
S-134	Investment documents for Bradley Gardner Charitable Trust Dated 7/1/2001: a) Sale of Contracts dated 8/1/2001 b) Custodial Agreement dated 8/1/2001 c) First Amendment to Sale of Contracts effective 2/1/2009
S-135	Investment documents for Jack Hatfield: a) Sale of Contracts dated 8/29/2000 for \$100,000 b) Custodial Agreement dated 8/29/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011 e) Undated Sale of Contracts for the Estate of Marjorie Price Hatfield f) Undated Custodial Agreement for the Estate of Marjorie Price Hatfield
S-136	Investment documents for Jill McClaran and Paula Bilbao: a) Sale of Contracts dated 4/9/2001 b) Custodial Agreement dated 4/9/2001 c) First Amendment to Sale of Contracts for Jill McClaran d) Second Amendment to Sale of Contracts for Jill McClaran e) First Amendment to Sale of Contracts for Paula Bilbao f) Second Amendment to Sale of Contracts for Paula Bilbao
S-137	Investment documents for Jack and Susan Schuringa: a) Sale of Contracts dated 2/18/1998 b) Custodial Agreement dated 2/18/1998 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-138	Investment documents for Robert K Garst and Beverly R Garst Charitable Trust U/D/T dated 6/14/99: a) Sale of Contracts dated 7/13/1999 b) Custodial Agreement dated 7/13/1999 c) First Amendment to Sale of Contracts effective 2/1/2009
S-139	Investment documents for Charles and Barbara Canterbury: a) Sale of Contracts dated 9/11/1998 b) Custodial Agreement dated 9/11/1998 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-140	Investment documents for Jerry Ford and Mabelle Ridgway-Ford Charitable Remainder Trust Dated 11/25/98, David Wanzek, Trustee: a) Sale of Contracts dated 12/1/1998 b) Custodial Agreement dated 12/1/1998 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-141	Investment documents for AK Chase Charitable Remainder Trust Dated 3/29/94, Michel Bersch, Trustee: a) Sale of Contracts dated 3/1/2000 b) Custodial Agreement dated 3/1/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011


Exhibit No.	Description
S-142	Investment documents for Dennison Family Living Trust Dated 3/26/92, Stephen P. Dennison, Trustee: a) Sale of Contracts dated 3/30/2000 b) Custodial Agreement dated 3/30/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-143	Investment documents for Julie A. Duby and Stephen K Dennison: a) Sale of Contracts dated 1/4/2001 b) Custodial Agreement dated 1/4/2001 c) First Amendment to Sale of Contracts for Stephen K Dennison d) Second Amendment to Sale of Contracts for Stephen K Dennison e) First Amendment to Sale of Contracts for Julie A. Duby f) Second Amendment to Sale of Contracts for Julie A. Duby
S-144	Investment documents for Hedy H. Erbe or Charles A Erbe: a) Sale of Contracts dated 12/28/2001 b) Custodial Agreement dated 12/28/2001 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-145	Investment documents for Clarence and Mildred Harris: a) Sale of Contracts dated 5/14/1999 b) Amended Sale of Contracts dated 5/14/1999 c) Custodial Agreement dated 5/14/1999 d) First Amendment to Sale of Contracts effective 2/1/2009 e) Second Amendment to Sale of Contracts effective 12/1/2011
S-146	Investment documents for Frank and Joyce Nevaril, trustees of the Nevaril Family Trust: a) Sale of Contracts dated 5/5/2000 b) Custodial Agreement dated 5/5/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-147	Investment documents for Patrick and Shirley O'Connor, trustees of the O'Connor Family Trust: a) Sale of Contracts dated 8/21/2000 b) Custodial Agreement dated 8/21/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-148	Investment documents for William Pierce Family Trust Dated 5/17/87: a) Sale of Contracts dated 10/23/2000 b) Custodial Agreement dated 10/23/2000 c) First Amendment to Sale of Contracts effective 2/1/2009
S-149	Investment documents for Janet E. Thomsen, Trustee of the Janet E Thomsen Living Trust Dated 3/1/96: a) Sale of Contracts dated 2/29/2000 b) Custodial Agreement dated 2/29/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Signature page to Second Amendment to Sale of Contracts
S-150	Investment documents for William J Neathery Family Living Trust 8/17/1993 (Sheila Neathery): a) Sale of Contracts dated 8/1/2001 b) Custodial Agreement dated 8/1/2001 c) Sale of Contracts dated 12/1/2005 d) Custodial Agreement dated 12/1/2005 e) First Amendment to Sale of Contracts executed on 12/1/2005




Exhibit No.	Description
	f) Second Amendment to Sale of Contracts executed on 12/1/2005
S-151	Investment documents for Margaret G Bachmann, Trustee of the Margaret G Bachmann Revocable Living Trust: a) Sale of Contracts dated 8/8/2000 b) Custodial Agreement dated 8/8/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-152	Investment documents for Gerald and Linda Hoffart: a) Sale of Contracts dated 12/8/2004 b) Custodial Agreement dated 12/8/2004 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-153	Investment documents for Dr. Jeff Barlow and Dr. Mayna Chau: a) Sale of Contracts dated 9/4/1998 b) Custodial Agreement dated 9/4/1998 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-154	Investment documents for Donald D. Brockmeier and Julie A. Carlisle: a) Sale of Contracts dated 1/1/2000 b) Custodial Agreement dated 1/1/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-155	Investment documents for Bonnie Ferris, Trustee for the Ferris Trust Dated 7/1/92: a) Sale of Contracts dated 10/6/1999 b) First Amendment to Sale of Contracts effective 2/1/2009 c) Second Amendment to Sale of Contracts effective 12/1/2011
S-156	Investment documents for John Gilje Inc.: a) Sale of Contracts dated 7/15/1999 b) Custodial Agreement dated 7/15/1999
S-157	Investment documents for John Gilje Inc.: a) Sale of Contracts dated 12/8/1999 b) Custodial Agreement dated 12/8/1999
S-158	Investment documents for John Gilje Inc.: a) Sale of Contracts dated 3/1/2000 b) Custodial Agreement dated 3/1/2000 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011
S-159	Investment documents for John Gilje: a) Sale of Contracts dated 10/5/2001 b) Custodial Agreement dated 10/5/2001 c) First Amendment to Sale of Contracts effective 2/1/2009 d) Second Amendment to Sale of Contracts effective 12/1/2011

1 RESPECTFULLY SUBMITTED this 2<sup>ND</sup> day of December, 2016.


2 ARIZONA CORPORATION COMMISSION

3  
4 By   
5 James D. Burgess  
6 Attorney for the Securities Division  
7 Arizona Corporation Commission

8 SNELL & WILMER L.L.P.

9  
10 By   
11 Timothy J. Sabo  
12 Attorneys for Lance Michael Bersch,  
13 David John Wanzek, Linda Wanzek and  
14 ER Financial & Advisory Services, L.L.C.

15 BASKIN RICHARDS PLC

16 By   
17 Alan S. Baskin  
18 David E. Wood  
19 Attorneys for Concordia Financing Company,  
20 Ltd.  
21  
22  
23  
24  
25  
26

1 On this 2nd day of December, 2016, the foregoing document was filed with Docket  
2 Control as a Securities Division Stipulation, and copies of the foregoing were mailed on behalf of  
3 the Securities Division to the following who have not consented to email service. On this date or as  
4 soon as possible thereafter, the Commission's eDocket program will automatically email a link to  
5 the foregoing to the following who have consented to email service.

6  
7 Alan S. Baskin  
8 David E. Wood  
9 Baskin Richards PLC  
10 2901 N. Central Avenue, Suite 1150  
11 Phoenix, Arizona 85012  
12 Attorneys for Concordia Financing Company, Ltd.

13 Timothy J. Sabo  
14 Snell & Wilmer,  
15 400 E. Van Buren St. #1900  
16 Phoenix, AZ 85004  
17 tsabo@swlaw.com  
18 jhoward@swlaw.com  
19 cpaulsen@swlaw.com  
20 docket@swlaw.com  
21 Attorneys for ER Financial & Advisory Services, LLC,  
22 Lance Michael Bersch, David John Wanzek, and Linda Wanzek  
23 **Consented to Service by Email**

24 By Karen Houle  
25  
26



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BEFORE THE ARIZONA CORPORATION COMMISSION

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Arizona Corporation Commission

DOUG LITTLE - Chairman  
BOB STUMP  
BOB BURNS  
TOM FORESE  
ANDY TOBIN

DOCKETED

DEC 09 2016

DOCKETED BY

GB

In the matter of:

DOCKET NO. S-20906A-14-0063

CONCORDIA FINANCING COMPANY,  
LTD, a/k/a "CONCORDIA FINANCE,"

STIPULATION TO FACTS CONCERNING  
CERTAIN SECURITIES DIVISION  
EXHIBITS

ER FINANCIAL & ADVISORY  
SERVICES, L.L.C.,

LANCE MICHAEL BERSCH, and

DAVID JOHN WANZEK and LINDA  
WANZEK, husband and wife,

Respondents.

The Securities Division ("Division") and Respondents Concordia Financing Company, Ltd. ("Concordia"), ER Financial & Advisory Services, L.L.C. ("ER Financial"), Lance Michael Bersch ("Mr. Bersch"), and David John Wanzek and Linda Wanzek ("Mr. and Mrs. Wanzek") respectfully submit the following stipulations to facts concerning certain of the Division's exhibits.

**Stipulation No. 1:** [INTENTIONALLY LEFT BLANK]

**Stipulation No. 2:** The following Exhibits are Sale of Contracts and Servicing Agreements and Custodial Agreements sold to persons with addresses listed in states other than Arizona as shown in Section 12.9 of the Sale of Contracts and Servicing Agreement, and for whom ER Financial and Advisory Services LLC was the custodian:

EXHIBIT

ALJ-2  
ADMITTED

1	• S-4d (Colorado) & S-4e	Verne and Andrea Singleton
2	• S-8a (Hawaii) & S-8b	Paul Singleton
3	• S-27a (N.C.) & S-27b	Gayle/Caputo
4	• S-61a (California) & S-61b	Culwell
5	• S-63a (Oregon) & S-63b	Lawton Family Trust
6	• S-67a (Washington) & S-67b	Weiss Family Trust
7	• S-68a (California) & S-67b	Ridgway
8	• S-81a (Washington) & S-81b	Fossen
9	• S-100a (Colorado) & S-100b	Englert
10	• S-113a (Georgia) & S-113d	Farmer
11	• S-117a (California) & S-117b	Weaver Charitable Trust
12	• S-121a (Arkansas) & S-121b	Neatherly Family Trust
13	• S-133a (New Mexico) & S-133b	Foutz Family Trust
14	• S-136a (California) & S-136b	McClaran/Bilbao
15	• S-137a (California) & S-137b	Schuringa
16	• S-139a (California) & S-13b	Canterbury
17	• S-143a (Texas) & S-143b	Duby
18	• S-150a (Arkansas) & S-150b	Neatherly Family Trust
19	• S-150c (California) & S-150d	Neatherly Family Trust
20	• S-153a (California) & S-153b	Barlow/Chau

21  
22       **Stipulation No. 3:** The following Exhibits are Sale of Contracts and Servicing Agreements  
23 and Custodial Agreements sold to persons whose state of mailing address is not shown in Section  
24 12.9 of the Sale of Contracts and Servicing Agreement, and for whom ER Financial and Advisory  
25 Services LLC was the custodian:

26	• S-97a & S-97b	Adams
----	-----------------	-------

- S-118a & S-118b                      Wilson
- S-130a & S-130b                      Chauhan/Powar
- S-134a & S-134b                      Gardner Family Trust
- S-148a & S-148b                      Pierce Family Trust

**Stipulation No. 4:** The following Exhibits are Custodial Agreements Lance Michael Bersch signed on behalf of ER Financial and Advisory Service:

- S-2b                      LeMay - 4/30/2002
- S-11b                      Luhr - 5/11/2004
- S-17b                      Dennison - 3/30/2000
- S-18b                      Patricola - 4/1/2008
- S-22b                      McCullough Family Trust - 8/28/2002
- S-24b                      Hodel - 10/6/1999
- S-24d                      Hodel - 10/19/2001
- S-25h                      Hodel - 2/13/2004
- S-25j                      Hodel - 1/10/2005
- S-29b                      Stephens - 9/17/2003
- S-32b                      Wagner Living Trust - 4/15/2008
- S-34b                      CJE Living Trust - 5/30/2008
- S-35b                      Edmonds - 12/15/2004
- S-40b                      Bric Retirement Trust - 6/30/2008
- S-42b                      Putnam - 4/9/2004
- S-43b                      Susan Collins - 4/20/2004
- S-44b                      Ronald and Gardea Collins - 5/15/2001
- S-47b                      Nancy Lynn Anderson Family Trust - 6/7/2002
- S-52b                      Mills Trust - 2/9/2004
- S-55c                      Galst/Black - 2/5/2001

- 1           • S-56b           Galst/Black – 2/17/2004
- 2           • S-58b           Marriott – 3/22/2004
- 3           • S-62b           Lorscheider – 4/12/2004
- 4           • S-63b           Lawton Family Trust – 4/15/2004
- 5           • S-64b           Lewis Trust and Weiss Family Trust – 4/7/2004
- 6           • S-76b           Campbell Family Trust – 9/10/2003
- 7           • S-78b           Ryen – 10/23/2003
- 8           • S-81b           Fossen – 5/22/2002
- 9           • S-82b           Fossen – 10/20/2003
- 10          • S-86b           Benson - 7/19/2002
- 11          • S-87b           Santy – 8/20/2002
- 12          • S-89b           DeJulio – 11/18/2002
- 13          • S-93b           Joseph Trust – 5/29/2002
- 14          • S-94b           Pellerita FBO Desanto – 5/23/2002
- 15          • S-96b           Robinson – 6/19/2002
- 16          • S-98b           Aldridge Family Trust – 4/5/2006
- 17          • S-101b          Bachmann - 7/31/2006
- 18          • S-102b          Reynolds – 9/3/2006
- 19          • S-104b          Guest Charitable Remainder Trust – 12/18/2000
- 20          • S-110b          Piles/Fuhrman Living Trust – 11/25/2005
- 21          • S-115c          Ferris-Spence – 5/7/2005
- 22          • S-119b          Holmes – 4/23/1999
- 23          • S-121b          Neathery – 8/1/2001
- 24          • S-122b          Neathery – 7/20/2001
- 25          • S-123b          Pellerito – 1/4/2001
- 26          • S-124b          Sicuranzo – 3/15/2001

- 1 • S-126b Pryor – 6/1/2001
- 2 • S-129b Charno Revocable Trust – 12/26/2001
- 3 • S-130b Chauhan/Powar – 11/7/2011
- 4 • S-131b Gleason Family Trust – 3/12/2002
- 5 • S-133b Foutz – 10/1/2000
- 6 • S-134b Gardner Family Trust – 8/1/2001
- 7 • S-135b Hatfield – 8/29/2000
- 8 • S-139b Canterbury – 9/11/1998
- 9 • S-142b Dennison Family Living Trust – 3/30/2000
- 10 • S-143b Stephen K. Dennison – 1/4/2001
- 11 • S-144b Erbe – 12/28/2001
- 12 • S-145c Harris – 5/14/1999
- 13 • S-147b O'Connor Family Trust – 8/21/2000
- 14 • S-149b Thomsen Living Trust – 2/29/2000
- 15 • S-150b Neathery Family Trust – 8/1/2000
- 16 • S-151b Bachmann Revocable Living Trust – 8/8/2000
- 17 • S-154b Brockmeier/Carlisle – 1/1/2000

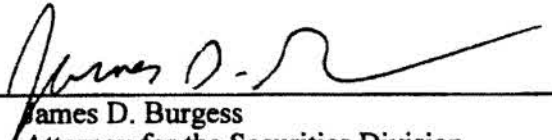
18 **Stipulation No. 5:** The following Exhibits are Custodial Agreements David Wanzek signed  
19 on behalf of ER Financial and Advisory Service:

- 20 • S-13b Pike - 5/11/2004
- 21 • S-21b & S-20c Nichols Family Trust – 1/23/2004
- 22 • S-26b Caputo – 11/10/2005
- 23 • S-45b Anderson Charitable Trust - 1/14/2003
- 24 • S-54b Martin – 2/17/2004
- 25 • S-57b Roth/Adams Trust – 3/6/2004
- 26 • S-60b Herman – 3/1/2004

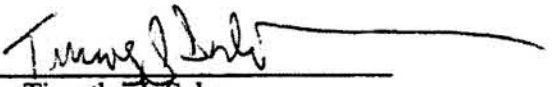
1	• S-69b	Ridgway – 7/6/2003
2	• S-71b	Grover – 8/13/2003
3	• S-75b	Schuringa Charitable Trust – 12/6/1999
4	• S-79b	Ryen – 3/16/2006 for \$130,000
5	• S-90b	Roberts/Lange – 3/1/2003
6	• S-100b	Englert - 7/5/2006
7	• S-128b	Thompson Family Trust – 4/9/2001
8	• S-136b	McClaran/Bilbao – 4/9/2001
9	• S-137b	Schuringa – 2/18/1998
10	• S-157b	John Gilje Inc. – 12/8/1999
11	• S-158b	John Gilje Inc. – 3/1/2000
12	• S-159b	John Gilje Inc. – 10/5/2001

1  
2 RESPECTFULLY SUBMITTED this 9<sup>th</sup> day of December, 2016.

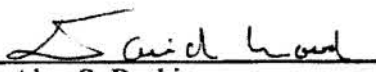
3 ARIZONA CORPORATION COMMISSION

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5 By   
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7 Attorney for the Securities Division  
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17

18 BASKIN RICHARDS PLC

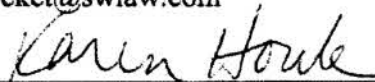
19 By   
20 Alan S. Baskin  
21 David E. Wood  
22 Attorneys for Concordia Financing Company,  
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1 On this 9th day of December, 2016, the foregoing document was filed with Docket Control as a  
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3 Securities Division to the following who have not consented to email service. On this date or as  
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6 COPIES of the foregoing hand delivered  
7 this 9th day of December, 2016, to

8 Alan S. Baskin  
9 David E. Wood  
10 Baskin Richards PLC  
11 2901 N. Central Avenue, Suite 1150  
12 Phoenix, Arizona 85012  
13 Attorneys for Concordia Financing Company, Ltd.

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